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# HOW AMERICA ▲ ▲ LIVES ▲ ▲

By HARRY W. LAIDLER . . . . 15 cents

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# HOW AMERICA LIVES

*A Handbook of Industrial Facts*

*by*

HARRY W. LAIDLER, Ph.D.

Executive Director, League for Industrial Democracy

LEAGUE FOR INDUSTRIAL DEMOCRACY

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LEAGUE FOR INDUSTRIAL DEMOCRACY



## CONTENTS

I. INCOME OF THE NATION'S PRODUCERS.....	5
II. LIVING STANDARDS .....	13
III. UNEMPLOYMENT .....	19
IV. MILITARY EXPENDITURES .....	24
V. CHILD LABOR .....	26
VI. SICKNESS AND DEATH .....	34
VII. WHO TAKES THE RISK .....	37
VIII. UNDERNOURISHMENT .....	40
IX. ILLITERACY .....	41
X. HOUSING .....	42
XI. DISTRIBUTION OF INCOME AND WEALTH...	44
XII. WASTES OF INDUSTRY .....	51
XIII. GAINS AND LOSSES .....	54





# HOW AMERICA LIVES

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## I. INCOME OF THE NATION'S PRODUCERS

ONE HUNDRED AND TWENTY-FIVE MILLION persons compose the great community known as America.

In no other land, probably in no other historical period, have men and women been so dependent one upon the other in their habits, wants, and will, as are these inheritors of a late-departed pioneering individualism. The unexampled development of machine methods of production and distribution has linked intimately on the economic plane the lives of the California citrus grower, the Kansas wheat farmer, the Detroit auto worker, the Pennsylvania teacher, and the Maine lumberjack.

Machine technology has done more than this. It has made *potentially* attainable for all Americans not only a satisfaction of their material wants, but the abundant leisure in which a great culture might flourish. Given planned cooperative effort, the utopia of the Good Life might be enjoyed by every member of the community.

The habits of work and play for most of us have been revolutionized within the memory of those now entering the middle generation. The tempo of our life has increased. Our environment has shifted increasingly from the country to the city, while the rewards of our labor have tended to become, in the case of millions of our citizens, less satisfying to the whole nature of man, though this is a question upon which the psychologist and philosopher, rather than the economist, should be asked to make a final judgment. But certainly Americans are busy, hectically working or trying to find work.

If before us on a giant cinema screen there were flashed in 1930

the story of the one hundred and twenty-three million Americans catalogued at that time, we would discern something like this:

(in millions)

62.1—male members of the population

60.6—females

12.2—boys under 10 years of age

11.8—girls under 10

27. —boys and girls from 5 to 20 attending school

1. —persons over 20 attending college

48.8—workers reporting a gainful occupation

38. —male workers gainfully employed

10.8—women workers

6. to 7. —idle workers

1. to 2. —children employed under 16 years

6. —persons 65 and over

2. —people 65 and over dependent in ordinary times on others for support

.6—persons idle on account of accidents

1. —persons at home sick

.6—idle voluntarily: poor hoboes and rich idlers

Among those entered as gainfully employed in 1930, we find the following:

Industry Group	(In millions)		Per Cent	
	Male	Female	Male	Female
All industries	38.1	10.8	100.0	100.0
Agriculture .....	9.6	1.0	25.1	8.5
Forestry and fishing .....	.3	0.01	0.7	.1
Extraction of minerals .....	1.1	.01	3.0	0.1
Manufacturing and mechanical indus.....	12.0	2.4	31.3	22.4
Transportation .....	4.0	.4	10.5	4.2
Trade .....	5.8	1.7	15.3	15.9
Public Service (not elsewhere classified) ..	.9	.1	2.5	1.1
Professional service .....	1.7	1.8	4.4	16.4
Domestic and personal service .....	1.7	3.1	4.4	29.2
Industry not specified .....	1.0	.2	2.9	2.2

How well do the efforts of these people meet the basic wants of themselves and their dependents? How wisely are the efforts collated? How are the rewards distributed? How equitably is work distributed? What does the great panorama of sowing, plowing and



harvesting, dusky coal pits, molten steel, speeding trains, whirring dynamos, and clicking typewriters, mean in such human terms as well-cooked food, beautiful clothes, comfortable homes, and refreshing play? To present a few basic facts as rough measuring sticks is the purpose of this little study. We shall begin with a consideration of income distribution.

#### WAGES IN VARIOUS INDUSTRIES

What is the situation? In 1927 Dr. Willford I. King estimated that, if all industries were considered, the average returns of wage workers—taking into account unemployment—were in the neighborhood of twelve hundred dollars a year—\$1,205, to be exact—or some \$23.17 a week.<sup>1</sup>

The weekly wages of specified groups of workers in 1927, according to Dr. King, were as follows:

Agricultural laborers .....	\$10.25
Factory workers .....	23.38
Workers in Mines, Quarries and Oil Wells.....	23.54
Clerks in Stores .....	24.27
Construction Workers .....	31.61
Unclassified Industries .....	23.10

These were the workers' incomes in a time of comparative prosperity. During the recent depression they have been whittled down considerably. In November, 1931, according to the National Industrial Conference Board, the average employed worker in the manufacturing industry was working some 37.6 hours a week and obtaining the munificent salary of \$20.31 a week. The wages of the four main classes of factory workers follow:

Male workers .....	\$21.56
Female workers .....	13.38
Skilled and semi-skilled workers .....	22.22
Unskilled workers .....	17.07

<sup>1</sup> King, *The National Income and Its Purchasing Power*, p. 144. Prof. Paul Brisen-  
sden in his *Earnings of Factory Workers, 1899-1927*, estimates the annual  
money earnings per capita in all industries in 1925 at \$1,492. (p. 92). The 1925  
Manufacturing Census estimated that the average wage for factory workers was  
\$1,280 a year or \$24.61 a week.



#### THE LABOR ARISTOCRATS

It is thus seen that in the so-called prosperous post-war period before the crash the average wage in all industries in 1927 was less than \$25 a week, while in hard times it was far less than that average. Only in construction did averages in times of normalcy rise above thirty dollars a week, although within every one of the large industrial groups various skilled trades have gained for themselves through organization a considerably higher status. These, as Anna Rochester puts it, are "the union members who run our trains, build our sky-scrapers, repair our plumbing, make our suits and dresses, and print our newspapers; and others, a very few groups in all, who with strong organizations have enforced wage scales far above the average. Relatively few of the unorganized skilled workers are in this group of 'aristocrats.' Among them are a minority, possibly one-eighth of the steel workers; a minority, even smaller, of the automobile workers; a considerable number of non-union building trades and clothing trades who benefit from union wage scales; a very small number of the army of stenographers and book-keepers; and a considerable percentage of those who render personal service to the rich."<sup>2</sup>

In all some 3,000,000 wage-earners in the United States were receiving in prosperous post-war years from \$42 to \$60 a week, or even perhaps up to \$75, for a full-time week. By no means all of this lucky tenth, however, had full-time work every week. In fact many construction workers were unemployed as a result of seasonal changes one-third of the time.

#### THE OTHER NINE-TENTHS

More than balancing the 3,000,000 "aristocrats" of labor with their \$42 or more a week during these years were some 16,000,000 wage-earners who got less than \$25 a week, including all of the 5,500,000 farm laborers; perhaps half of the 1,000,000 mine work-

<sup>2</sup> *Wages in the United States*, a reprint, 1928, by the Rand School. See also *American Labor Year Book*, 1931-2.



ers; nearly 5,000,000 of the 12,000,000 in manufacturing and mechanical industries; probably 1,500,000 of the 4,000,000 manual workers in transportation, trade and public service; at least two-fifths of the 5,000,000 clerks and kindred workers, and about 1,700,000 of the three million in domestic and personal service.

Some 6,000,000 of these low-paid workers were women and girls. Of the approximately 10,000,000 male workers getting less than \$25 a week, possibly 3,000,000 were under 20 years of age. At least 7,000,000, and probably more of them, were 20 years or older.

#### POVERTY

Thus tens of thousands of workers even in "prosperous times" live in poverty, if we define poverty as does Robert W. Kelso in his recent book on that problem.

"Poverty [declares Dr. Kelso] is that condition of living in which the individual, whether from lack of means or the failure to apply them, consistently fails to maintain himself, and those properly dependent upon him, at a plane of living high enough to insure continuous bodily and mental fitness to carry on permanently in his occupation and locality; and which allows him and them to live and function in their community with decency and self-respect."<sup>3</sup>

"By that definition [continues Dr. Kelso] we must conclude that the unskilled laborers of America live in poverty; and that of those who work with their hands but are nevertheless skilled from a third to a half possess neither the means nor the potentiality for the maintenance of a minimum standard of social competency. . . . This mighty moraine of inert detritus has been shoved aside by the slow, steady march of human progress through the whole of history. Latterly man has by mechanical invention increased mightily his means of utilizing the forces of nature. A tremendous acceleration in the production of wealth and supposed wealth is the result. But with this speeding up of human affairs comes also an accentuation of poverty. Whether the glacier of human progress moves the faster,

<sup>3</sup> *Poverty*, p. 21.



it does undoubtedly grind the harder, and cut the deeper as a result of the industrial revolution.”<sup>4</sup>

#### THE FARMERS

The foregoing description applies to the industrial population. But how about the “prosperous” American farmers on the more than 6,000,000 farms in this country? The farms in the United States are operated by owners, by tenants and by hired men.

Professor Morris A. Copeland in *Recent Economic Changes*, (pp. 781-2), estimated a deficit in actual profit for agriculture as a whole for the year ended June 30, 1927, of \$1,717,000,000, on the assumption that \$540 a year, or slightly over \$10 a week, was set aside to pay for the labor of the independent farmers, and in addition interest on market value of owners’ equity at  $4\frac{1}{2}$  per cent. Professor Copeland’s estimates were based on the following calculations:

Gross value of agricultural production....	\$12,127,000,000
Rental value of farm houses .....	161,000,000
Total Income .....	<hr/> \$12,288,000,000
Payments made to other industry groups \$3,697,000,000	
Loss from change in property value .....	2,160,000,000
Wages and Salaries .....	1,291,000,000
Rents paid to individuals .....	1,428,000,000
Interest paid to individuals (including other farmers) .....	260,000,000
Interest on owners equity at $4\frac{1}{2}$ % .....	1,759,000,000
Labor income at \$540 a year .....	<hr/> 3,410,000,000
Total Expenses .....	<hr/> 14,005,000,000
Deficit in actual profit .....	<hr/> \$ 1,717,000,000

Should the farmer fail to put aside any interest on his capital, he could indeed, according to Professor Copeland’s estimate, pay himself a wage of slightly more than \$10 a week and break even, but if he attempted both to pay the modest wage, equal to that ob-

<sup>4</sup> *Ibid.*, pp. 54-5.



tained by his hired man, and at the same time to receive interest as a property owner, a considerable deficit would appear.

Lewis F. Carr, in *America Challenged*, placed the American farmer in the red to an even greater extent. Maintaining that the "prosperous" farmer should receive an income of \$25 a week, in addition to the prerequisites furnished by the farm, in order to maintain a standard of living approaching the general American standard, and that 5 per cent should be put aside for net investment, he estimated that American farmers as a whole suffered a deficit in 1924-5 of over five billion dollars.<sup>5</sup>

Of course there are farmers and farmers. There are the poorest group of farmers, perhaps 40 per cent, whose standard of living is "indescribably, unbelievably and pitifully low." "There is the middle group in the Corn Belt. Finally there is the successful group at the top described in a recent Minnesota survey of fifty of the best farms in Minnesota." The typical farmer in this group had total receipts before the depression of \$4,456. After paying his costs of production, automobile expenses, interest and principal on mortgage, life insurance, other investments and living expenses of \$1,231, *he had a surplus of just \$31*. In this group, no allowance was made for interest on the investment and depreciation, though, under production costs, some money was paid for maintenance and some for replacements. It is questionable, however, whether even this group of best farms in Minnesota paid on an accounting basis.<sup>6</sup>

During the last few years the condition of farm population has grown steadily worse. Hundreds of thousands of farmers have suffered bankruptcy and large numbers migrated from the farms to

<sup>5</sup> *America Challenged*, pp. 16-18. See also analysis of Dr. Virgil Jordon, Dec. 10, 1928 and *Yearbook of Agriculture*, 1931, p. 978. The *Yearbook* estimated that in 1929 the total *weekly income* to pay for the average farmer's labor and interest on the capital invested by him was just about \$17. At present writing it is much less.

<sup>6</sup> *America Challenged*, p. 42, 46. See also Dr. C. J. Galpin, *Yearbook of Agriculture*, 1928, pp. 284-6; *How Farm Tenants Live*, by Branson and Dickey, Bulletin of University of North Carolina.

<sup>7</sup> *Family Living on Successful Minnesota Farms*, Bulletin 240, University of Minnesota.

<sup>8</sup> See R. L. Adams, *Farm Management*.



the city.<sup>9</sup> The net cityward movement from 1926 to 1930 inclusive was 3,006,000,<sup>10</sup> although, in the last year mentioned, the net gain in the city migration was only 150,000. From 1920 to 1930 the farm population declined, moreover, from slightly more than one-third of the population to about one-fourth. The number of farms during this period decreased from 6,448,000 to 6,298,000.

In the 10 years period 1920-30, *farm land values* decreased from a peak of 170 per cent of pre-war value to a level of 115 per cent.

Taxes, on the other hand, have greatly increased. Tax levies in 1929 were \$1.43 for each \$100 of the full value of real estate as compared with 68 cents in 1913.<sup>11</sup>

Farm mortgages have likewise steadily increased. In 1910, they totaled \$3,590,000,000 and represented but 10 per cent of the value of the farm. By 1930, this total had reached \$9,241,000,000 or over 20 per cent of farm value.<sup>12</sup>

Accompanying these changes have been changes in the prices of farm commodities. In October, 1931, the average prices *received* by the farmers for their products were 32 *per cent below* the 1913 level, having declined more than 50 per cent during the preceding 27 months. On the other hand, prices *paid* by farmers for goods used in production and for living were in October, 1931, 26 *per cent above* the pre-war level!<sup>13</sup>

#### THE FARM TENANT

The proportion of farms operated by tenants has also steadily increased. In 1900 tenants cultivated 23.3 per cent of the land. By 1925, that percentage had grown to 28.7 per cent. During the same period the percentage of improved land occupied by tenants had jumped from 30.2 per cent to 40.6 per cent.

<sup>9</sup> For further information see Zimmermann and Sorokin, *Principles in Rural-Urban Sociology*; Ostrolenk, *Social Aspect of the Food Surplus*; Henry C. Taylor, *Introduction to Agricultural Economics*; R. L. Adams, *Farm Management*, etc.

<sup>10</sup> *Yearbook of Agriculture*, 1931, p. 41.

<sup>11</sup> *Yearbook of Agriculture*, 1931, p. 30-2.

<sup>12</sup> *N. Y. Times*, Jan. 1, 1932.

<sup>13</sup> Frederick C. Mills in *News Bulletin*, National Bureau of Economic Research, Dec. 23, 1931, p. 4.



## FARM WORKERS

Somewhat over two million hired men are employed on the farms. This makes one hired man to about three farmers. "The average labor force is approximately two persons—the operator himself, the family labor equal to half a man, and the hired labor equal to half a man. The majority of farmers have no regular hired help. Comparatively few have more than one hired man."<sup>14</sup>

In eight counties in New York state in 1917, 26 per cent had one hired man, and from 2.5 per cent to 3 per cent, three or more. The average monthly wages for hired labor, including board, was \$46.89, or about \$10 a week, and, without board, \$64.95, or about \$15. In the United States in 1930, the average wage per month with board varied, depending on the seasons, from \$31.23, to \$33.47.<sup>15</sup>

Farm labor is highly seasonal. While it lasts, the hours are long. The average work day for hired men is 11.52 hours and for proprietors, 10.68 hours. Both owner and hired man work about five hours on Sunday.<sup>16</sup> Payment is generally anything but prompt. The social status of "hired help" is frequently not enviable. Without organization farm workers have little chance to secure redress for their grievances, and their isolation is often a great handicap to development.

## II. LIVING STANDARDS

**I**S THE INCOME of the average American worker sufficient to provide for a good American life? This question has been asked by numerous investigators and during the last decade many public and private agencies have sought to answer it.

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<sup>14</sup> *Quarterly Journal of Economics*, Feb., 1924, p. 208.

<sup>15</sup> *Yearbook of Agriculture*, 1931, p. 1024.

<sup>16</sup> Henry C. Taylor, *Introduction to Agricultural Economics*, (N. Y.: Macmillan), p. 871.



SUB-NORMAL STANDARDS AMONG CHICAGO'S  
UNSKILLED WORKERS

A recent study in the field of living standards was made by Miss Leila Houghteling in 1926 among the unskilled workmen of Chicago. Miss Houghteling made a brief survey of some 467 families, the breadwinners of each of which had been regularly employed during 1924 and each of whom was an able bodied workman. Only 5 of these wage-earners were under 25 years of age. Three-fourths were in the vigorous year period 24 to 45, while about a fourth were over 45. Only 10 per cent had been in the employ of their respective firms for less than 2 years. Nearly one-half (47.8 per cent) had been so employed for at least 5 years; nearly one-fourth (23 per cent), over 10 years.

The group chosen was thus an unusually steady group, most of them in the prime of life, long satisfactory to their employers and supposedly at the top of efficiency and worth for their companies. "They were, therefore, working at maximum pay, receiving compensation far above what could be expected by the average unskilled workman who wanders from job to job and is migratory with the styles and seasons."

The wages received ranged between \$800 a year (\$14 to \$15 a week) and \$2,200 (between \$42 and \$43). *"The survey showed that approximately two-thirds of the whole group were receiving a wage insufficient to meet the requirements of the Chicago standard budget, so called, which is the minimum estimated by the Chicago relief agencies for the maintenance of physical efficiency in their dependent families."*

In nearly one-fourth of the cases (108) the mother went out to work, in every instance, apparently, because the husband's earnings were not sufficient. In four-fifths of the families (355) the wage-earners' income was supplemented by earnings of the wife or children, by taking in boarders or by borrowing or gifts from friends or relatives. "With these various additional helps, just over one-



half were able to keep up to the minimum budget standard." Nearly thirty per cent (134 families) received free assistance from the social agencies of the city during the preceding year. "This very small cross-section of the best conditions among the lower levels of employment indicates," declares Kelso, "that even though the wage-earner is able-bodied, and even though he has work and is steadily employed, he is nevertheless at, and, in a large majority of instances, below, the poverty line."<sup>1</sup>

The Chicago standard budget mentioned—revised 1925—permitted of anything but a luxurious standard. It provided for an expenditure of \$1,548.84, or \$129.07 a month, *over and above rent*, and was figured to apply to a family of five, consisting of man and wife, and children of about 13, 10 and 7 years of age. The individual items in the budget outside of rent were as follows:

	<i>Annually</i>	<i>Weekly</i>
Food .....	\$648.00	\$12.46
Clothing and Toilet .....	274.84	5.28
Fuel .....	114.00	2.20
Household furniture .....	84.00	1.61
Carfare .....	56.04	1.08
Health .....	84.00	1.61
Savings and Insurance .....	120.00	2.30
Education .....	36.00	.70
Recreation .....	48.00	.92
Organizations and Church .....	36.00	.70
Incidentals .....	48.00	.92

If rent were included, several hundred dollars would have to be added to the income.<sup>2</sup>

#### THE NATIONAL INDUSTRIAL CONFERENCE BOARD BUDGET

In 1926, the National Industrial Conference Board reported that, in its opinion, a wage of \$1,907 a year, or \$36.68 a week, was

<sup>1</sup> *Op. Cit.*, pp. 128-9.

<sup>2</sup> See *The Chicago Standard Budget for Dependent Families*, Bull. No. 5, Chicago Council of Social Agencies, 1925.



essential for a decent living for a family of five in New York. This budget would permit only of a very simple life. Under it but \$44 a year could be set aside for recreation—not an amount sufficient to permit many trips to the country. Fifty dollars was available for medical and dental care; but \$18 for reading material, stationery, postage, telephones, etc. The rent of \$34 a month was included in the budget—enough to pay for 3 or 4 rooms in one of the old law tenements in New York. The budget suggested left no margin for saving against unemployment, old age, sickness or future contingencies or for college tuition for children and little for any of the real comforts of life.

#### THE U. S. LABOR BUREAU'S MINIMUM HEALTH AND DECENCY BUDGET

Other budgets have varied from about \$1,650 to over \$3,000 a year, all of them far above the average wage of the workers in the United States.<sup>3</sup>

Thus in 1921 and 1922, the United States Department of Labor worked out a Minimum Health and Decency Budget, which it described as the minimum quantity of commodities "necessary to maintain a family of five at a level of health and decency" for one year. This budget, it maintained, is in no way intended as an ideal budget. It was intended to establish a bottom level of health and decency below which a family cannot go without danger of physical and moral deterioration and "does not include many comforts which should be included in the proper 'American Standard of Living.'" The budget as priced for ten cities, varied from a little more than \$2,000 to somewhat above \$2,500, depending upon the city.

In June, 1929, the Labor Bureau, Inc., priced in a number of cities the items contained in the budgets and, on the basis of changes in the cost of living during the previous seven or eight years, esti-

<sup>3</sup> United States Bureau of Labor Statistics, 1919. *Tentative Quantity and Cost Budget Necessary to Maintain a Family of Five in Washington, D. C.*; Paul H. Douglas et al, *Workers in Modern Economic Society*, p. 303 ff.



mated the needed minimum as follows (see *Facts for Workers*, September, 1929):

#### AMOUNT OF YEARLY EXPENDITURE NECESSARY

##### *Minimum Health and Decency Budget*

	Total Budget June 1929	Budget in June, 1929					
		Food	Clothing	Rent	Light & Heat	House Equip.	Misc.
New York, N. Y. ....	\$2,160.84	\$699.52	\$237.60	\$477.56	\$81.87	\$34.82	\$659.47
Brooklyn, N. Y. ....	2,271.95	792.36	254.43	454.30	106.70	25.82	638.34
Schenectady, N. Y. ....	2,055.66	680.12	278.48	257.16	162.15	48.75	629.00
Rochester, N. Y. ....	2,257.09	675.95	365.50	403.78	196.23	59.28	556.35
Chicago, Ill. ....	2,431.96	681.99	309.80	562.27	45.50	47.10	785.80
San Francisco, Cal. ....	2,532.84	653.12	444.50	470.20	87.76	66.26	811.09
Philadelphia, Pa. ....	2,376.87	719.25	345.12	442.17	95.69	53.54	721.10
Minneapolis, Minn. ....	2,458.42	707.87	391.80	482.80	34.77	76.35	764.83
Reading, Pa. ....	2,150.08	660.54	305.64	293.68	138.64	51.12	699.46
Los Angeles, Cal. ....	2,490.61	701.65	443.15	437.78	74.12	61.10	772.81

#### A SKILLED WORKERS' BUDGET

In addition to this minimum budget, it has worked out a "Skilled Workers' Budget," on a somewhat higher scale—varying from \$2,497.85 to \$3,369.63:

##### SKILLED WORKERS' BUDGET

	Total Budget June 1929	Budget in June, 1929					
		Food	Clothing	Rent	Light & Heat	Equip. House	Misc.
Chicago, Ill. ....	\$2,863.32	\$681.78	\$415.14	\$561.12	\$45.85	\$53.05	\$1106.38
Scranton, Pa. ....	2,625.29	890.87	401.20	373.10	38.55	65.40	946.17
Minneapolis, Minn. ....	2,861.24	708.00	493.49	482.82	34.77	81.54	1960.62
Reading, Pa. ....	2,497.85	660.54	384.52	293.94	141.71	57.48	959.30
New York, N. Y. ....	3,369.63	743.20	606.80	943.30	—	75.58	1000.75

According to these budgets, runs the Labor Bureau's report, "no yearly earnings which fall below \$2,055.66 in any section of the country can be considered a living wage, since the total represents the lowest cost of the meagre budget allowed by the government as the bottom level of health and decency. However, a great many of even the skilled workers in the country do not achieve this level and the percentage of workers whose earnings achieve the level of the cost of the 'Skilled Workers' Budget' is indeed very small."

From July, 1929, a month following the Labor Bureau's budget, to October, 1931, the *cost of living index* has dropped from 172 to



149, (with a base of 100 in 1913), a *drop of 23 points*, while *per capita earnings* in manufacture have decreased from 228 to 182, a *fall of 46 points*. Expressed in percentages this means that living costs have declined 13.37% while per capita earnings have declined 20% in the twenty-seven month period. The workers' dilemma is thus far more serious than in the prosperous year 1929,\* and far more workers than at that time are living under sub-normal standards.

Many budgets have also been prepared for individual workers. One such budget was that compiled in 1926 by the National Industrial Conference Board, for female workers, which called for a *minimum* expenditure of \$19.92 a week in Manhattan and \$17.63 in Brooklyn. The Bureau of Women in Industry of the New York State Department of Labor in September, 1929, estimated that the very least that a young woman could get along with in New York City for room and three meals a day—excluding clothes and other necessities—was \$14.69 a week. Yet the current beginner's wages in the average industry in 1929, according to Miss Frances Perkins, New York Industrial Commissioner, was between \$13 and \$15 a week, while the average in manufacturing industries in November, 1931, was, as has been stated, \$13.38.

#### FAMILY INCOMES

Most studies of incomes deal with earnings of individual workers. In 1918, the United States Bureau of Labor Statistics made a survey of family incomes, taking samples from ninety-two localities in forty-three states. The survey included some 12,000 white families and approximately 750 colored families. The families studied were those where the husband's salary was the primary source of income, constituting 92.73 per cent of the income received. The *average* family income for all the 12,000 families (having an average of 4.9 persons per family), was \$1,513, or \$124 less than the Philadelphia Bureau of Municipal Research fixed in the fall of 1918 as a "minimum standard of health and comfort," a budget

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\* *News Bulletin*, National Bureau of Economic Research, Dec. 23, 1931.



only slightly above a minimum of subsistence; and over \$700 less than the United States Bureau of Labor Statistics declared the following year to be such a minimum standard of health and decency. More than one-fifth of the families studied (22.7 per cent) received less than \$1,200 a year; a majority (55 per cent), less than \$1,500; more than three-fourths (78 per cent), less than \$1,800; over nine-tenths (92.3 per cent), less than \$2,100, while but 2.92 per cent obtained an income of \$2,500 or more. Thus a majority of families secured less than the conservative Philadelphia minimum, and over nine-tenths less than the Labor Bureau's minimum of the following year.<sup>5</sup> The real income of numbers of workers increased prior to the Wall Street crash of 1929, but it is still true that a very large number of our working population even in "good times," does not receive a wage high enough to maintain a decent standard of living.

### III. UNEMPLOYMENT

#### THE AMOUNT OF UNEMPLOYMENT

THE VAST MAJORITY of wage-earners, it will be seen, do not obtain enough to maintain a normal family in health, and decency. Not only are wages low, but employment is insecure.

According to the Committee on Elimination of Waste of the Federated American Engineering Societies (The Hoover Engineers), about one out of every forty wage-earners is always out of work. Even during the busy days of war-time industry, the permanent margin of unemployment was about one million.<sup>1</sup> This number rapidly increases during periods of depression. According to Dr. W. I. King, one out of every seven workers employed during the prosperous days of 1920 were out of jobs in 1921, a total of about 4,000,000 while the total volume of employment, estimated in hours worked, declined about one-sixth.<sup>2</sup>

During the panic of 1921 the wage and salary payments de-

<sup>5</sup> Adapted by Paul H. Douglas from *Labor Monthly Review* (Dec., 1919, pp. 29-41.) See Douglas, *op. cit.*, p. 301.

<sup>1</sup> *Waste in Industry*, p. 15.

<sup>2</sup> National Bureau of Economic Research, *Business Cycles and Unemployment*, p. 86.



clined from \$39,880,000,000 to \$32,597,000,000, a falling off of \$7,291,000,000, while the decrease in gross output of all factories for the same two years was \$36,350,000,000.<sup>3</sup> In 1928 the National Bureau of Economic Research estimated that the average *minimum* volume of unemployment from 1920 to 1927, excluding agricultural workers, varied from 1,400,000 to 4,270,000. These figures were rockbottom, minimum figures.<sup>4</sup> The minimum number of unemployed, according to the National Bureau, increased by about 650,000 from 1920 to 1927. This increase is due to the rapid technical changes in industry, the scrapping of workers in many lines after they have reached middle age, the increasing practice of corporations of refusing to employ new workers after they have reached 40, 45 or 50 years of age, lightning changes in styles, the growing movement toward mergers and consolidations, etc.

Of unemployment during the 1929-1932 depression, Dr. William M. Leiserson of Antioch College writes:

"In 1929, our last prosperous year, the total earnings of those of our people who work for wages and salaries amounted to something like 55 billion dollars. In 1930, the first year of the depression, and before its effects had attained their full force, these wages and salary payments were reduced approximately 10 billion dollars."

His preliminary estimate of losses in wages during 1931 over 1929 was between 18 and 20 billion dollars or close to 40 per cent.

"In terms of employment [Dr. Leiserson continued] the effect of these losses is the same as if six million five hundred thousand workers were totally unemployed in 1930, with no earnings whatsoever. In the present year, the effect is equivalent to 13 million unemployed for the whole year. Actually, however, the losses are not concentrated on one group of wholly unemployed people. They are widely distributed by part-time work, rotation in employment, and cuts in rates of pay, as well as by laying off and discharging

<sup>3</sup> See National Unemployment League, *Unemployment and the Stabilization of Business*, p. 2.

<sup>4</sup> *Recent Economic Changes*, p. 879.



employees. The result is that the reduction in the numbers on the pay-rolls is not as great as the reduction in wages and earnings.”<sup>8</sup>

#### LOSS TO WORKERS

The workers in many industries suffer not only from periods of depression and from technological changes, but from seasonal unemployment. According to the Engineers' Report on "Waste," the clothing worker is idle about 31 per cent of the year; the shoe-maker spends about 65 per cent of his time at work; the builder, 63 per cent of his time (190 days); while during the past thirty years bituminous coal miners have been idle on an average of 93 possible working days per year. And these figures in no way measure the losses to the people through privation, anxiety, and loss of self respect that accompany periods of unemployment.

Unemployment means lower living standards. Families "double up," rent out rooms, take in boarders, or move into cheaper, less sanitary and more congested quarters. Clothing becomes shabby and is not replaced. Since fuel is reserved for cooking, the house in winter becomes damp and unventilated. Expenditures for recreation cease.

Almost universally the the family curtails its expenditures for food. "Undernourishment" and "malnutrition" are the consequences. Coincidentally attention to physical defects, such as decayed teeth, diseased tonsils, and adenoids, is neglected.

"A lowered plane of living results directly in bad health and lowered physical vitality. Like machinery abandoned to disuse and rust, the wage earner himself deteriorates. He loses industrial efficiency. He will return to work less competent and less skilled. His output per unit of overhead investment in the plant will be less than before.

"Impairment of health and vitality is notably occurrent in the case of children and of mothers already carrying a full share of

<sup>8</sup> Leiserson, *Effects of Depressions on Employment and Wages*, published by National Advisory Council on Radio in Education and University of Chicago Press, 1931.



domestic burdens. Approaching motherhood is rendered terrifying by the grim reality of an empty purse, exhausted credit, and depleted vitality.

"The unemployed family discounts the future. Fortunately or unfortunately there is generally paid employment still available for women when the work for men has ceased. The homemaker goes out to toil. It is the children who suffer most from this expedient. In many cases they remain alone. . . . Very often they are placed in institutions. . . .

"The ill effects of unemployment are not confined to the period during which the worker is out of a job. They keep unfolding indefinitely after the wage earner has returned to work. Likewise, they long precede the actual layoff." \* A western miner thus describes a worker's state of mind.

"A working man has sort of a treadmill existence. The treadmill sets on the edge of a cliff. You work for a while, pay your debts, unemployment comes, back you go into debt, each time a little farther. When work comes again it finds one a little weaker, and the battle against the mill is not as successful as before. Your creditors become alarmed; possibly a garnishment of your next earnings. The mill has got you over the cliff."

Professor Rice continues:

"Worry over the outcome, worry over bills, how to make ends meet, how to get the children's food and clothing. These worries are no less a cause of physical breakdown than the physical privations previously mentioned.

"Discouragement and melancholy impair the initiative of many families. 'Morale' may sink so low that self-help becomes almost an impossibility. . . . The largest single factor in the physical and moral deterioration so often observed in an unemployed man is the damage done to his sense of upstanding self-importance within the group in which he moves. . . . Unless he is unusual in instincts or intelli-

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\* See Professor Stuart A. Rice of Columbia, in *Business Cycles*, pp. 102-7.



gence, the man who loses his job feels himself without 'status'; he is an outcast from the herd. He is 'not wanted' by society.

"A similar, though less explicit, injury is wrought upon the personality of the wife and mother. Humiliation of the family fortunes and the shabbiness they entail, the realization of her husband's failure, the indignity of tasks and makeshifts regarded as beneath her—these things are not soon to be wiped off her account with the world." In the 1929-32 crisis, a health center in New York City declared that malnutrition among children increased from 18 per cent in 1928 to 60 per cent in 1931. One organization in Louisville, Ky., reported that in 1931 one thousand fewer children in their district were able to meet the public school's "blue ribbon" standard of health, because of underweight, than in 1929. Another agency described the tragic effects of the depression on expectant mothers. "Many of the mothers are unable to provide themselves with even one glass of milk a day."

Hard times bring fewer marriages and fewer divorces. In 1930 the New York State marriage rate was the lowest ever recorded save for that of 1908, following the 1907 panic. In Pennsylvania the marriage rate was the lowest known. On the other hand, New York had more suicides than ever before.<sup>8</sup>

#### STRIKES AND LOCKOUTS

A certain percentage of unemployment results from strikes and lockouts which better industrial arrangements would eliminate. However, as the Hoover engineers state:

"It must be said that in the past, at least, the amount of waste from the general run of strikes and lockouts through loss of wages and curtailment of product has been less than has been popularly supposed. . . . They do not constitute a major source of reduced production. . . . Since most strikes occur in seasonal employment (more than half between 1881 and 1905) it can be deduced that

<sup>7</sup> Nov. 1, 1931 release of National Organization for Public Health Nursing, 450 Seventh Avenue, N. Y. C. *The Survey*, Oct. 15, 1931, cites Illinois reports of an increase in deaths from intestinal infection, most of them children under two.

<sup>8</sup> *Survey*, Oct. 15, 1931.



output is not necessarily penalized. . . . More coal was mined in 1910 than 1911, although the former year witnessed many protracted strikes involving large numbers of employees."

In 1912 with 47 per cent on strike and an average loss per man of forty days, there was a larger output per men per day than in 1911, which was relatively strikeless. The total product was also more. In 1916 in New York State the total loss through strikes of those gainfully employed was two days, a loss only one-fifth as severe as the average loss through sickness."

## IV. MILITARY EXPENDITURES

### THE ARMY AND NAVY BUDGET

WHILE MANY THOUSANDS of workers are employed during the year, other thousands are employed in occupations which add little or nothing to the national wealth of the country. Such are those in the army and navy. In 1929 there were in the army and navy about 250,000, as compared with 164,000 in 1914. The citizens' army, including the National Guard and other forms of reserves, increased these totals to about 728,000 in 1929, as compared with about 300,000 in 1914.

In 1911 the Navy Department expended \$120,728,766. By 1931 this sum had increased to nearly three times that amount—to \$354,071,004. In 1911 the War Department spent \$187,793,813; twenty years later, in 1931, \$489,241,835, of which, however, somewhat over \$100,000,000 went for rivers, harbors and the Panama Canal. Pensions and veterans' relief during this twenty year period increased by 535 per cent, from \$163,778,423 to \$1,040,660,668, while the public debt charges, resulting from America's participation in wars, jumped from \$56,534,670 to \$1,051,641,704, an increase of 1,760 per cent. Nearly \$7 out of every \$10 spent by the

<sup>9</sup> *Waste in Industry*, pp. 17-18. See also Laidler, *Unemployment and Its Remedies* (L.I.D., 1931); Isidor Lubin, *Unemployment in the U. S.* (Hearings before the Senate Committee on Education and Labor, 1929.) Feldman, *The Regularization of Employment* (Harpers, 1925); J. A. Hobson, *Rationalization and Unemployment*, 1930; Publications of the Pollak Foundation, of the American Association for Labor Legislation, etc.



federal government in 1931 (\$2,936,615,212 out of \$4,219,950,-339), thus went for these four items which pertained to past wars and preparation for future wars.<sup>1</sup>

In the fifteen year period, 1910 to 1925, the federal expenditures on military training in civil schools increased fifteen fold. The number of institutions giving courses in such training increased from 1911-12 to 1930-1 from 94 to 231; the army personnel detailed to conduct the training, increased eighteen-fold (from 87 to 1771); the number of students enrolled increased nearly 5 fold to 147,000. In 1916 there was one army officer to supervise the training in Ohio State University; the 1927 catalogue listed forty-four officers and enlisted men in the same university.<sup>2</sup>

#### DEMANDS FOR GREATER ARMAMENTS

The above demands for increased armaments are made, despite such assurance as that of ex-Secretary of State Hughes:

"So far as we can see into the future, we are safe from the slightest danger of aggression. We know that in no power or possible combination of powers lies any menace to our security. There is no occasion to vindicate our proper authority, for no one challenges it. There is no reason to demonstrate our ability to take care of ourselves for on one doubts it."

While most of the advocates of greater military expenditures maintain that they are opposed to aggressive warfare, others frankly admit that they hope to see the United States in the future prepare itself for aggressive action. Such was the sentiment of Rear Admiral W. L. Rodgers, retired, of the United States Navy, in an address before the Institute of Politics, Williamstown, on August 9, 1924:

"Having all that we want in the way of land, this generation of Americans is most peacefully disposed toward all the world and

<sup>1</sup> *N. Y. Times*, Jan. 3, 4, 1932.

<sup>2</sup> See Tucker P. Smith, *What About Military Training?* Congregational Education Society, 1931; Roswell P. Barnes, *Militarizing Our Youth*, N. Y.: Committee on Militarism in Education, 1927.



wishes other nations less fortunate to reciprocate our own sentiments, but they do not.

"We are now indulging ourselves nationally in international good-will because we want for nothing. I do not suppose that the United States will ever desire to make war against any country before our continental population passess 200,000,000, but after that, if there remains any manhood in our mixed races of descendants, they will assuredly do so.

"In the meantime, other nations are likely to attack us. Our recent law restricting immigration denies to other nations the privilege of dumping their surplus populations and weaklings of their society upon our territory. To maintain that law, and with it our standards of life and well-being for ourselves and our successors, we must arm ourselves according to our riches.

"We cannot too often recall the Bible saying that 'the strong man armed keepeth his palace in peace.'

"So much for the present, and if our successors remain a virile people as the world fills up they will remain armed to take what they want at the expense of others.

"Such crude materialism is not fashionable, and I feel that you may consider some apology is due for offering it, but I do not see any other lesson to be derived from history, and human nature does not change through time."

Unless some drastic steps are taken, it is probable that an increasing amount of money and human energy will be expended with each decade for military purposes; and thus an increasing amount of energy diverted from the creation and distribution of wealth. The effect on the spirit is perhaps the most serious.

## V. CHILD LABOR

### THE STATUS OF CHILD LABOR

WHILE many adult men and women anxious to work are denied employment, or are employed in unproductive occupations, tens of thousands of little children who should be in school are



forced to begin a hard struggle for existence in the country's industries. In 1920 over one million (1,060,858) children between 10 and 15 years of age, inclusive, were reported by census enumerators as "engaged in gainful occupations." This was approximately one-twelfth of the total number of children of that age in the entire country, while large numbers of children below the age of 10 were employed in street trading, domestic service and industrial home-work.<sup>1</sup>

#### CLASSES OF CHILD WORKERS

Of the child workers between 10 and 15 years of age, 61 per cent were reported to be engaged in agricultural pursuits (88 per cent of these as farm laborers) and 17.5 per cent of the total in manufacturing and mechanical industries—cotton, silk and woolen mills, cigar, clothing and furniture factories, and canneries and workshops. The number in the principal occupations follows:

Agriculture .....	647,309
Manufacturing and Mechanical Industries.....	185,337
Clerical Occupations .....	80,140
Trade .....	63,368
Domestic and Personal Service .....	54,006
Transportation .....	18,912
Extraction of Minerals .....	7,191
Profession Service .....	3,465
Public Service .....	1,130
	<hr/>
	1,060,858

Of the little children between 10 and 13, almost 25,000 were reported as employed in trade and clerical occupations, over 12,000 in "domestic and personal service," and about 10,000 in manufacturing occupations.

The child labor evil was found to be particularly great in the South. In Mississippi more than one-fourth of the children of 10 to 15 years were at work; in Alabama and South Carolina, 24 per cent; in Georgia, 21 per cent; in Arkansas, 19 per cent.

<sup>1</sup> Quoted in *Child Labor in the U. S.*, "Ten Questions Answered," published by the U. S. Dept. of Labor, Children's Bureau, p. 5.



In the New England states, 59,239 children were employed in industry, or 7.7 per cent of the child population between 10 and 15 years; in the Middle Atlantic states, 131,541 (5.5 per cent of the total), and in the South Atlantic, 273,981 (14.3 per cent) of whom 215,000 were working on farms. Over 17 per cent of the children in the South Central states were employed.

While the 1920 census shows an apparent improvement in the situation (in 1910 the figures showed 1,990,225 children employed, or 18.4 per cent of the total), valid conclusions regarding this improvement can be drawn only after thorough analysis. For instance, the data for the 1920 census was gathered in January, when work on farms and in canneries was practically at a standstill, while that in 1910 was collected in April, when there was much more activity in these occupations. But neither month gives adequate returns for seasonal work.

When the census figures were taken, the Federal Child Labor Law was on the statute books. Since then it has been declared unconstitutional. Its revocation has undoubtedly meant a very considerable increase of child labor. This is indicated by the greater number of working certificates issued to children.<sup>2</sup>

Complete results of the 1930 Census were not available when this pamphlet was written. Preliminary releases giving estimates of child workers in 26 states responsible for about one-third of the child labor in the country showed a decrease in child workers 10-15 years of age of about 25 per cent and a slight decrease in the numbers of minors of 16 and 17 years. It is impossible, however, to determine how much the apparent decrease is ascribable to industrial depression and scarcity of employment and is therefore temporary, and how much it may be indicative of a permanent trend.<sup>3</sup> In 1930 it might also be added that 811,166 children were reported as not attending any school.

<sup>2</sup> See Fuller, *op. cit.*, p. 12; for further reference in this section, see Fuller, *op. cit.*, pp. 3, 4, 42, 48, 49, 100, 102 and 103.

<sup>3</sup> *The American Child*, Jan., 1932. The percentage of children between 10 and 15 years of age reported at work in these 26 states was 12.1 per cent in 1920; 8.3 per cent in 1930.



Child labor has been defined as "the work that interferes with a full living of the life of childhood and with the best possible preparation for adulthood. It is a matter not only of effects, but of hazards . . . and deprivations, among which are the lack of suitable and sufficient schooling . . . and play, and the lack of that kind and amount of work which is children's work as distinguished from child labor."

Mr. Fuller suggests that all children mentioned in the census do not necessarily undergo such privations, but that "it is probably true that the majority of children under sixteen listed . . . as 'gainfully employed' are subjected to hazards or deprivations that constitute child labor." Furthermore, there is much child labor which is not mentioned in the census, such as those who work in the beef, the onion, the cotton, the tobacco fields, the berry patches, the truck gardens, the fruit and vegetable canneries.

A further class not included are those not "gainfully employed," those employed without compensation. The census does not consider those children who spend "more than half of their time in school," even though their after-school work might interfere seriously with their education. Nor are children under ten included in occupational returns, though "hundreds of boys and girls below that age are suffering irreparable injury in one way or another from tenement home-work, domestic service, and labor in the cotton and sugar-beet fields. The number of children in tenement homework nobody knows, because there is no way of finding out; but it is very large. And the same is true of street trading and other occupations."

#### CHILD LABOR ON THE FARM, THE STREETS AND IN THE MINES

The White House Conference on Child Health and Protection, in December, 1930, maintained that agriculture "presents the most serious child labor problem in the United States." Thousands of children thus employed are migrant workers and their employment is difficult to control. It is of interest to note that, partly as a result of the unhealthy character of farm work, 87 per cent of the children



recently examined in rural schools were found to be physically defective, as compared with 72 per cent of pupils in city schools. Much farm work in pulling weeds, driving horses, etc., results in stooped shoulders, flat chests, forward-starting heads.

Dealing with the effects of cotton picking in the South, Mr. Fuller writes:

"There is exposure to sun and heat in the early part of the season; fatigue, due to long hours, monotony and the stooping posture; and no small muscular strain from carrying the cotton. The pickers are also under some nervous strain, often racing one another in see who can pick the most in a day. . . . In cotton picking time the working day is from seven or earlier until sundown, with almost no time off for dinner."

There are other and worse forms of child labor. There is street work, with all of its perils and its small reward.\* There is home work in city tenements.

"Long hours of toil, much of it at night and in close overcrowded rooms, are the lot of the homeworkers. They are deprived of the healthful outdoor activities which are their right, and are subjected to the performance of sedentary tasks which involve the long continued strain on eye and finger muscles so conducive to fatigue and the development of nervous disorders. A child of nine was crying when a tenement inspector made his entrance. He asked what was wrong. The mother replied, disgustedly, 'Aw! she wants to go on the street and play.'"

Children are employed in canneries and cotton mills. "Most of the cannery work (in shrimp canning communities) is wet and dirty, and is done in cold, damp, drafty sheds. . . . Severe colds are common among the child and women workers; injuries from falls; infections from cuts." And in the cotton mills, despite recent improvements, the three most objectionable features of the work still

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\* In Cincinnati a recent study showed that 65 per cent of the newsboys studied earned less than 50 cents a day and 26 per cent less than 25 cents.



holds true; the noise, the dust and lint in the air, and the excessive humidity.

"The hiring of boys under 14 years of age in coal mines and glass works has been eliminated, [declares Courtney Dinwiddie, General Secretary of the National Child Labor Association] and the employment of children between 14 and 16 is extremely rare in both of these industries today. The employment of children from 10 to 13 years of age, inclusive, in cotton mills and factories has been outlawed and largely eliminated.

"Where then are the grosser forms of child exploitation at present? There are two answers. First, the employment today of large collective groups of children, under conditions that are distinctly strainful and injurious, involves children that are just about two years older than was the case twenty-five years ago. North Carolina, for example, in an official report, showed the number of children between 14 and 16 years of age at work in cotton mills at the close of 1930, when work was scarce, to be 2,840. These mills operated on a 9- to 11-hour daily schedule. Pennsylvania employs 20,000 to 30,000 children 14 and 15 years of age in industrial occupations, according to prevailing conditions in industry, and allows them to work 9 hours a day and 51 hours a week.

"The second direction in which we find the grosser forms of childhood exploitation today is in the more scattered reaches of child labor, more difficult to control but affecting many thousands of children. Twenty-eight states have not yet extended the 14-year age limit to all occupations. It is impossible to describe the work of children thus unprotected as a group. Such a description would contain many accounts of the sufferings of defenseless childhood. Of the children who are migrant farm laborers and those who are street vendors, both groups largely without adequate safeguards in most of our states, stories could be multiplied, such as of very young migrants working 9 to 11 hours a day or deprived of from 2 to 5 months of schooling yearly, of street vendors working through



meal hours far into the night or beginning in the small hours of the morning, with exposure to serious moral as well as physical risks. Tenement home work remains a hotbed for the illegal employment of children. Canneries are exempt from the child labor law in several states and in many places employ young children under unsanitary conditions, for long hours, at high pressure.

"The grosser forms of childhood exploitation are still with us. In so far as they affect very young children the chief point to be noted is that they represent more scattered and difficult problems than formerly, which are, however, being gradually brought under control. In so far as they deal with older children, from 16 down to 14 years of age, they call for a slight shifting of the battle front. We know that the adolescent 14 and 15 years of age is in urgent need of protection from the strains and hazards of industry and of a freer chance for both mental and physical growth. To champion his cause calls upon the best in our protective instincts, as in the case of younger children."<sup>5</sup>

#### TENEMENT LABOR AND THE CHILD

One of the most difficult forms of child labor to reach is that connected with home work. Eighteen states recently reported that home work was permitted within their borders. In 1928, New York State had more than 20,000 home workers in licensed tenements and in 1927 Pennsylvania employers reported more than 12,000. Surveys within the last ten years in home work centers such as New York City and Newark, New Jersey, have found several thousand children doing home work in each place. The majority of these children were under twelve years of age and a fourth to a third, under ten. Many of the work places—usually the family kitchen—are poorly lighted. The work is monotonous and the workers com-

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<sup>5</sup> *The American Child*, Dec. 1931. As Clara M. Beyer of the U. S. Children's Bureau and the Encyclopaedia of Social Science brings out, child workers suffer to an unusual extent from industrial accidents. In 7 Eastern states in 1929, approximately 75,000 industrial accidents to minors under 21 and 16,500 to minors under 18 were reported. See also *Monthly Labor Review*, June, 1931.



plain of eyestrain and teachers maintain that homeworking children are tired and listless in school.<sup>6</sup>

Members of the staff of the National Child Labor Committee visited, shortly before Christmas, 1931, a number of tenement homes in Newark, New Jersey, where industrial work was carried on. "The pay is so wretchedly poor [declares *The American Child* in describing some of the cases of home work found by these investigators,] that even by working until late at night, and with the help of the children, one family of six, stringing safety pins on wires, earns no more than \$3 or \$4 a week." The magazine describes one little girl of 9 years old, who "works with her mother clipping the threads and pulling bastings on tiny dolls' clothes as her mother stitches them. It takes about two hours to finish a dozen dresses, and for this the pay is 4 cents a dozen and out of this the workers must furnish the thread. Other families earn twelve cents a set for the faggoting on collar-and-cuff sets which, they claim, retail as high as \$7.50!"

"From a broad point of view [*The American Child* continues] the existence of any tenement home work at all in a period when factories are lying idle and factory hands turned off, is indefensible. Under such circumstances it can scarcely be anything but an attempt to break down labor standards, evade the labor laws which must be observed in factories, cut wage rates, and exploit the workers. As to any possible benefit to the families so engaged, it is like giving a man a stone when he asks for bread."

#### STATE LEGISLATION

And so the examples of the tragedy of this form of labor in the United States might be multiplied. While state legislation is more satisfactory than a quarter of a century ago, still much has to be done. Two states still have no age limit; eight have failed to adopt the eight-hour day and in 11 others there are serious exemptions.

<sup>6</sup> Report of the Labor Committee on the Child Laborer in Non-Agricultural Occupations, Oct., 1930, Minutes of the White House Conference on Child Health and Protection, pp. 69-70.

<sup>7</sup> *The American Child*, Jan. 1932.



Twelve states permit work after 7 P. M. and in 6 others it is allowed in certain cases. Twenty-three demand no health certificates upon employment. Fifteen states exact no educational requirement. Fourteen states have no adequate restriction against employment of minors under 16 in dangerous trades. Thirty-six states allow children under 12 to engage in street trades, most of them with no strict regulations as to time or day or hours worked. Thirty-four provide no regulations of home tenement work. It is hoped that the fight for the Federal Child Labor Amendment will soon be revived.<sup>8</sup>

## VI. SICKNESS AND DEATH

### EXTENT OF LOSS THROUGH SICKNESS

A SERIOUS CONSEQUENCE of an inadequate wage among city and rural groups and of the ignorance that generally follows in the wake of poverty is a high sickness and mortality rate. Two and a quarter millions of American wage earners are constantly so sick as to be incapacitated for the ordinary pursuits of life.<sup>1</sup>

We have 700,000 cases of malaria and tuberculosis annually. We have among us one million diabetics. Fifty to sixty per cent of our population have decayed teeth which could be repaired; 30 per cent have adenoids or diseased tonsils; 25 per cent have uncorrected defects of vision. There are 3,000,000 partially or wholly deaf children among us and 350,000 crippled with rickets, tuberculosis and infantile paralysis.<sup>2</sup>

According to the Hoover engineers,<sup>3</sup> "the 42 million men and women gainfully employed probably lose on an average more than eight days each annually from illness disabilities, including non-industrial accidents, a total of 350,000,000 days." Of the 500,000 workers who die each year, "it is probably true that the death of at least one-half is postponable by proper medical supervision,

<sup>8</sup> *Information Service, Federal Council of Churches*, Jan. 10, 1931.

<sup>1</sup> *Some Recent Morbidity Data* compiled by Margaret L. Stecker, Metropolitan Life Insurance Company, 1919, p. 26. See also Kelso, *Poverty*, p. 158; Woodbury, *Workers' Health and Safety*, p. 21.

<sup>2</sup> Ralph A. Reynolds in *Harper's*, June, 1931.

<sup>3</sup> Federated Engineers' Report, *Waste In Industry*, p. 21.



periodical medical examination, health education and commercial hygiene."<sup>4</sup>

Assuming an average life value to industry of not less than \$5,000 and special care for a man chronically ill as \$3 per day, it is estimated by the engineers that the economic loss from preventable disease and death is \$1,800,000,000 among those classed as gainfully employed—or over \$700,000,000 among industrial workers in the more limited meaning of the word.

"There is an experimental basis for the statement," continues the report, "that this loss could be materially reduced and could leave an economic balance in the working population alone over and above the cost of prevention of at least one billion dollars a year."

#### RELATION BETWEEN SICKNESS AND POVERTY

For many years it has been contended that there is a definite partnership between poverty and ill health. Messrs. Sydenstricker and King thus write:

"Only recently has it afforded quantitative expression by the results of actual studies. Thus it has been found that among families of textile workers in South Carolina the rate of disabling sickness in the poorest class was 70 per 1,000 as against less than 19 per 1,000 (only from one-third to one-fourth as frequent) in families financially better off; that among garment workers in New York City the proportion classed as poor in nutrition or anemic or as affected with tuberculosis was definitely greater among those receiving the lowest annual income than among those who were better paid; that infant mortality bears an inverse relationship to the annual earnings of the father."<sup>5</sup>

Dr. Fisk of the Life Extension Institution contended in 1922 that half of the sickness was preventable.<sup>6</sup> He added that, although the duration of life had been extended five years since 1909, the

<sup>4</sup> *Ibid.*, p. 21; also see Chapter on "Sickness" by Dr. Eugene L. Fisk.

<sup>5</sup> Edgar Sydenstricker and W. I. King, Public Health Reports, No. 48, Nov. 23, 1920 and other Public Health Reports.

<sup>6</sup> See George Martin Kober, Public Health Reports, V. 38, No. 14, Ap. 6, 1923, pp. 737-8.



mortality from diseases of the heart, blood vessels and kidneys, apoplexy, insanity and cancer had increased in this country during the past 40 years. As a result, the death rate of adults during the last decade has been increasing. In 1921 a person arriving at 37 years had an expectancy of life of 32.86 years. By 1927, this had declined to 31.47 years.<sup>7</sup>

Many of the chronic diseases of the present day are caused by the effects of industrial poisons to which many of our wage-earners are exposed. Mercurial poisoning is a constant menace. Poisoning also occurs in paint grinding and finishing work where lead coatings are sandpapered and in storage battery manufacture. Much trouble comes from abnormal air pressures. Bends and other caisson troubles take heavy toll in the bridge and building trades.

Commenting on the results of a recent survey of the United States Health Service, on sickness among various groups in the population, Dr. Kelso declares:

"From the results of this survey, we can conclude: that industry with its daily grind of nerve-and-body straining labor under unfavorable conditions of light, air, and temperature is the firing line in man's battle with disease. The well-to-do are apt to fall sick; the laboring people are pretty sure to. And when they do, they are almost immediately without funds with which to pay for medical treatment and the necessities of life itself. Debt begins to pile up and worry settles down upon the household."<sup>8</sup>

#### MORTALITY AND LOW WAGES

Not only does the amount of sickness bear a definite relationship to poverty, but likewise does the mortality rate. This is particularly

<sup>7</sup> *Statistical Bulletin*, Feb. 1929. On the other hand, as a result of educational campaigns on the part of public health authorities and other agencies, improved hospital care, better living standards, etc., deaths from tuberculosis decreased from 194 per 100,000 in 1900 to 79 in 1928, while the general death rate decreased from between 20 and 30 per 1000 of the population prior to 1900 to 12 per thousand in 1928. In 1900 more than 16 babies of every 100 born died before reaching their first birthday. At present 7 of each 100 die during the first year. (*N. Y. Times*, July 6, 1930). American taxpayers still pay over \$900,000,000 a year to care for sufferers from tuberculosis and heart disease and to assist those who are physically handicapped.

<sup>8</sup> Kelso, *Poverty*, p. 133; see U. S. Health Service. Reprint No. 1060.



true in the case of children. In recent investigations conducted by the U. S. Children's Bureau, it was ascertained that the chance to survive is several times less in a family with a small income than with an income large enough to afford a decent livelihood.

In New Bedford, Mass.,<sup>9</sup> it was found, for instance, that among the very poor (those earning less than \$450 a year) 20 out of every 100 born alive died before reaching their first birthday. In the group earning \$1,250 or over, only six out of every 100 babies born alive died under one year of age. Thus the death rate of children generally occurred during the period 1910-1920.<sup>10</sup>

The 1919-32 depression brought a considerable increase in suicides and murders. In New York State the suicide rate was 19.2 per 100,000 in 1931 and the murder rate 6.3, both figures being the highest on record.<sup>11</sup>

## VII. WHO TAKES THE RISK?

### TWENTY-FIVE THOUSAND DEATHS ANNUALLY

OUR INDUSTRIAL population thus suffers excessively from preventable ill health and from a high rate of mortality. It also is a victim of industrial accidents. Many of those who, while participating scarcely at all in industrial life, are supported in luxury by society, justify their large incomes on the ground that they are risking their money in industry, and that the dividends received are merely the "reward of risk."

But how about the workers? Does he risk nothing? Here are a few facts:

Industrial accidents in the United States annually cause between fifteen and twenty-five thousand deaths, and perhaps 100,000 permanent partial disabilities and 2,500,000 temporary disabilities of

<sup>9</sup> Infant Mortality Series, No. 10 (U. S. Dept. of Labor, Children's Bureau), 1920, p. 38.

<sup>10</sup> Public Health Report, V. 37, No. 27, p. 1626, July 7, 1922.

<sup>11</sup> N. Y. Times, Jan. 4, 1932.



one day or more. Economically there is here an estimated loss of 250,000,000 working days, and a wage loss of about a billion dollars.<sup>1</sup>

Wrote Dr. E. H. Downey in his book on *Workmen's Compensation* (N. Y., Macmillan, 1924):

"Peace has its perils no less than war; work accidents in the aggregate are equivalent to the losses of a perpetual campaign. Of deaths alone the twelve months' total is four times the number killed and mortally wounded in the battle of Gettysburg; of permanent injuries the annual sum surpasses the yearly average of the Civil War. The total casualties of the American Expeditionary Force in the World War did not equal the casualties to American workmen in peaceful employments between April, 1917, and the signing of the Armistice. The toll of life and limb exacted by American industries during the second decade of the twentieth century exceeds the nation's losses in battle from the Declaration of Independence to the present day."

In 1929 according to Frances M. Perkins, N. Y. State Industrial Commissioner, there were 333,356 industrial accidents in New York City alone, an increase of 14,600 over the previous year. While machinery, materials and tools have become more dangerous, Miss Perkins declared that it was the common practice of industrialists to discharge older and more experienced men and engage young, unskilled or semi-skilled workers at jobs beyond their capacity for good judgment and safe practice. "This dead line at 40 has undoubtedly increased our industrial accident rate."<sup>2</sup>

#### A BILLION DOLLAR ANNUAL LOSS

"Economically considered [writes Dr. Downey] the direct loss to the nation from industrial accidents is not short of one billion dollars annually. Temporary disabilities alone cause a yearly loss of more than six million working weeks. . . The victims of work injuries are chiefly men in the prime of life, since it is precisely the

<sup>1</sup> Woodbury, Robert Morse, *Workers' Health and Safety*, pp. 6-7, U. S. Dept. of Labor, Bulletin of Women's Bureau, No. 81, *Industrial Accidents to Men and Women*, (1930), p. 1.

<sup>2</sup> N. Y. Times, Feb. 27, 1930.



young and vigorous who predominantly engage in the extra-hazardous employments. . . The aggregate yearly time loss on account of industrial accidents in the United States is equivalent to forty million working weeks. Taking all industries together, the accident loss amounts to cancelling one week's production in every year; for bituminous coal miners it comes to one-tenth, and for structural iron workers to one-fifth of normal full time.

"All this takes no account of industrial diseases, of which there are only meager and fragmentary records, nor does the estimate of one billion dollars annual loss of potential earnings include the cost of medical and hospital care for the injured."

There is little prospect that this enormous wastage of human life and of productive capacity will appreciably diminish within the predictable future. The safety movement has achieved some notable triumphs, both in individual plants and in industries, yet there are few examples of a permanent reduction in accident severity rates.

#### A CONTINUOUS PERIL

"The inherent trend of industry sets toward increasing scale, complexity and speed of operation, increasing use of machinery, increasing weight of materials and products, increasing substitution of unskilled for skilled workmen, and increasing control by absentee capitalists with an eye single to net profits—each an independent cause of great hazards of industrial pursuits. In face of these cumulative changes, all acting steadily in the same direction, 'Safety First' will do well to hold its own over any ten-year period. . . . Every consumable commodity may be said to have a definite cost in human suffering—a life for so many tons of coal, a mangled hand for so many laundered shirts.." <sup>3</sup> Nor are these accidents unavoidable. "Experience indicates and authorities agree," declare

<sup>3</sup> Downey, *Workmen's Compensation*, pp. 1-3, 9., Robert Woodbury, *Workers' Health and Safety*, p. 6 seq.; Kelso, *Poverty*; National Safety Council, *Industrial Accident Statistics*. Sidney J. Williams of the National Safety Council declared in 1924 that the total accidental fatality rate was more than twice as great as in England and Wales and nearly twice as much as Canada, which was next to us on the list. See also *Encyclopedia of Social Science*, V. 1, pp. 389-401.



the Hoover engineers in their study on Waste (p. 23), "that 75 per cent of these losses can be avoided, with a saving in direct, clearly ascertainable losses alone of a quarter of a billion dollars per year to employers and half a billion to employes." A Travelers Insurance Company study suggests that 98 per cent of all accidents can be prevented. It may be noted that whereas accidents in some construction trades involve losses up to 10 per cent of the labor cost, certain contractors have found it possible to cut their accidents to one-half, through special efforts.

### VIII. UNDERNOURISHMENT

**I**NADEQUATE wages, unemployment, incapacity through accidents occurring in the course of employment—all have their tragic effect on the home life of the worker and of his family. For one thing, they result in frequent undernourishment of the children of the worker.

In an examination of the health of 2,025 boys in the East Side Continuation School, New York City several years ago, 415 or about 20 per cent, were found to be suffering from malnutrition,<sup>1</sup> while all but 195 were suffering from some physical defect—987 from decayed teeth, 962 from enlarged tonsils, etc. An examination of children in P. S. 64 in New York revealed the fact that 24 per cent, or about one out of four, were suffering from malnutrition. The relation between poorly nourished bodies and stupid mentalities is marked.<sup>2</sup>

A more recent investigation, according to Thomas D. Wood, chairman of the Joint Committee on Health Problems in Education of the National Education Association, indicated that 16 million school children in the country have physical defects partially or actually detrimental to health.<sup>3</sup>

A 1918 investigation made by the Bureau of Child Hygiene re-

<sup>1</sup> Fuller, *Child Labor and the Constitution*, p. 181 (Holt).

<sup>2</sup> *Ibid.* p. 150-2; see also L. Emmett Holt, *Food, Health and Growth*.

<sup>3</sup> Kelso, *op. cit.*, p. 160.



vealed the fact that, of New York's one million children, some 216,000 were seriously undernourished, while 611,000 were but passably nourished. Dr. Josephine Baker gives the proportion of malnourished school children as 5 per cent in 1914, 6 per cent in 1915, 12 per cent in 1916 and 21 per cent in 1917, while Lydia Roberts of the U. S. Children's Bureau maintains that probably no less than from 15 to 25 per cent of the school children in the United States (from 3 to 5 million) are suffering at present from undernourishment.<sup>4</sup>

## IX. ILLITERACY

**I**LLITERACY and poverty also go hand in hand. According to the 1930 census, 4,283,753 or 4.3 per cent of the population over ten years of age in the United States were illiterates. If we take the latest available figures for illiteracy in European countries, we find a larger percentage than in Germany, with 0.2 per cent illiterates; in Switzerland, with 0.5 per cent; in the Netherlands, with 0.6 per cent; in Finland, with 0.9 per cent; in Norway, with 1.0 per cent; in Sweden, with 1.0 per cent; in Scotland, with 3.5 per cent; in France, with 4.9 per cent; and in England, with 5.8 per cent.<sup>1</sup> Illiteracy in Japan is 0.96 per cent.

However, the proportion of boys and girls attending school has increased considerably during the last decade or two. The 1924-6 Biennial Survey of Education estimated that over 90 per cent of children of school age were now enrolled in school; that 53 per cent of children of secondary school age went to high schools, and that, during the period 1890 to 1926, enrollments in collegiate departments increased 529 per cent; in secondary schools, 1,055 per cent.<sup>2</sup>

Much criticism is made of the lack of equipment of the teachers for their tasks. The National Education Association recently published figures showing that out of about 600,000 public school teachers in the United States, approximately 30,000 have no edu-

<sup>4</sup> Publication of U. S. Children's Bureau, No. 59, pp. 6-7.

<sup>1</sup> Fuller, *op. cit.*, p. 128.

<sup>2</sup> Biennial Survey of Education, 1924-6, pp. 553-5.



cation beyond the eighth grade of the elementary school; 100,000 have had less than two years' education beyond that grade; 200,000 less than four years' additional training, and 300,000 (one-half) no more than four years' extra training. Three hundred thousand have had no special professional preparation for the work of teaching.<sup>3</sup>

"An educational system employing cheap teachers with little education or culture," declares the National Education Association, "housed in buildings which are an affront to beauty, working with obsolete equipment, cannot expect to compete with the glitter of commercialized recreation."<sup>4</sup>

A later survey of this Association showed that 54 per cent of the teachers of the country were obtaining a salary of less than \$2000 a year.<sup>5</sup> The bill for the support of public elementary and secondary schools and colleges, furthermore, while 38 per cent greater in 1928 than in 1922, was still only \$2,500,000,000 or 2.74 per cent of the national income for the latter year. Five times this amount was spent on automobiles.

## X. HOUSING

### A SAMPLE IN MINING VILLAGES

TENS OF THOUSANDS of the workers in this country have comfortable homes with excellent modern conveniences. And yet, in other tens of thousands of cases, the workers, with their weekly salary, are forced to live in small, overcrowded, unsanitary tenements.

Here is a picture of the kind of houses occupied by the miners in one of the mining villages in West Virginia.<sup>1</sup>

"When absolutely alike in every detail, as whole lanes of them

<sup>3</sup> Fuller, *op. cit.*, p. 171.

<sup>4</sup> *N. Y. Times*, Sept. 28, 1930.

<sup>5</sup> *N. Y. Times*, Nov. 22, 1931.

<sup>1</sup> *The Welfare of Children in Bituminous Coal Mining Communities in West Virginia*, by Nellie P. McGills, Children's Bureau. Pub. No. 117, 1923, pp. 11-13.



often were, the miners' houses were built on the same general plan—detached or semi-detached one or two-story structures, containing usually three or four rooms. They were invariably of wood, some being clapboarded, others of upright boards with or without weather stripping; erected without cellars, they stood usually on piles, in many cases with an open space beneath. Most of them were generally lacking in the essentials of a comfortable dwelling; rooms were small and few in number; they were inconvenient, unsanitary, ill-ventilated, and cold. As the houses were built of the cheapest material, usually not weatherboarded, and in many cases not plastered or even ceiled, the fireplaces, which as a rule were the only means of heating besides the cook stove, could not keep them comfortably warm. Some were said to be like paper when the wind struck them.

"The occupants of a number of the houses had tacked newspapers or old magazine covers over the rough walls—one family had papered with samples of wall paper—in order to keep out the cold. The flooring was often a single layer of boards, sometimes with cracks an inch or more wide, placed over open foundations through which the cold air circulated freely. . . . Not infrequently the houses were damp as well as cold. . . . The open foundation also offered a refuge for animals, from which vermin and unhealthful odors easily entered the house. Many families found it, also, a convenient place for rubbish. . . . Many of the houses were in a state of bad repair, with leaking roofs, loose windows, and sagging doors.

"They possessed inefficient heating systems, no outside water supply or toilet, and no bath. Three families had only three bedrooms for fourteen persons, including lodgers; two families, each of five members, including lodgers, had only one bed-room; forty-nine families keeping lodgers had only two bedrooms, with a number of persons in the household ranging from three to ten."

#### SOME NEW YORK TENEMENTS

The New York States Board of Housings in its report of March 6, 1929, declared that more than 1,700,000 persons were



still housed in old law apartments that were structurally so inadequate that they could not be altered so as to meet even the most modest of modern standards. Unless the present rate of evacuation is materially accelerated, the Board declared, many of the old law tenements would still be in use twenty-five to fifty years from now. The Board gave a tragic picture also of typical housing conditions in working class sections of the smaller cities.<sup>2</sup>

"Thousands and thousands of people in the city are sleeping and living in apartments so dark that gaslight must be burned all day; so airless that in summer the families are forced to sleep on the roofs; so foul smelling because of garbage in hallways, in courts and streets, and because of adjoining stables or factories, that one of the only two windows in the whole flat has to be kept shut. The tenants must climb five or six flights of stairs to dispose of garbage, for the dumbwaiters are seldom in repair. Toilets for two to five families are in the halls or in the yards. The sanitary condition of the toilet is indescribable. There is insufficient water, neglected plumbing, no ventilation or light—these tell the condition without further description."<sup>3</sup>

Housing laws in New York are doing something to improve conditions, but conditions like the above still meet the investigator.

## XI. DISTRIBUTION OF INCOME AND WEALTH

### WHAT IS LABOR'S SHARE?

WHAT IS THE REMEDY for these and other evils resulting largely from an inadequate income? The two most prominently suggested are the redistribution of wealth and income, and the elimination of the enormous wastes of present day production and distribution.

Wealth and income are today distributed unevenly. A vast amount of the nation's income goes to owners of property, many of them absentee owners, who perform little active part in the conduct of industry.

<sup>2</sup> Report of the State Board of Housing to Governor Roosevelt, March 6, 1929, pp. 43-54.

<sup>3</sup> *Report of Commission of Housing and Regional Planning*, N. Y. State, Dec. 22, 1923, p. 45.



Professor Morris A. Copeland estimated that in 1925 the total realized income was 81.8 billion dollars; in 1928, about 89 billion dollars, or about \$745 per capita, or about \$3,725 for a family of five. Thus, if income were evenly distributed among all of the families of the United States, each family would have enough to maintain a standard of health and decency, with some of the comforts of life thrown in and a chance to save against a "rainy day."<sup>1</sup>

But income is not evenly distributed. What division is made of it first as between workers and property owners and secondly as among the richest one and ten per cent of the population? Taking the 1925 figures, Professor Copeland, who based his estimates largely on those of Professor W. I. King, declared that \$46,800,000,000, or 57 per cent of the total realized income, went to employes in the form of wages, salaries, pensions, compensation for injuries, etc., while \$35,000,000,000 or 43 per cent, went to entrepreneurs, investors and other owners of property used in industry.<sup>2</sup>

The distribution of income, as estimated by the National Bureau of Economic Research, is shown in the table on page 46.

#### LOW AND HIGH INCOME GROUPS

Professor Copeland further brings out the fact that *the richest 10 per cent of the population receives about one-third of the national income* (an estimate of 32.9 per cent in 1925 and 1926).<sup>3</sup>

More recently Dr. Willford I. King estimated that *the richest one per cent of the income recipients in the United States received in 1926 about one-eighth of the realized income in the country*; the richest one-tenth of one per cent of the income receivers—those

<sup>1</sup> National Bureau of Economic Research, *Recent Economic Changes*, p. 757, 767.

<sup>2</sup> *Ibid.*, p. 767. The "total realized income" includes not only (1) payrolls (including value of board and lodging furnished), (2) pensions, benefits, and compensation for accidents, (3) net rents (cash and payments in kind, less maintenance and depreciation), royalties, interest, and dividends received by individuals, (4) profits withdrawn from business by individual entrepreneurs, but also (5) the net rental value of owned homes and the imputed interest on investments in other durable consumption goods as well as (6) the value of certain commodities produced by families for their own consumption. It does not, however, as defined by Prof. Copeland, include paper profits, such as additions to corporate surplus and changes in the value of real estate, or profits from the sale of capital assets.

<sup>3</sup> *Ibid.*, pp. 835-6.



*Distribution of Total Realized Income of the United States  
in 1925 and 1913 Among Various Labor and  
Property Groups*

ITEM	(1)	(2)	(3)	(4)	(5)	(6)
	Total realized income		Money income, 1925	Total realized income		Money income 1925
	1925	1913		1925	1913	
	— Billions of Dollars —			——— Per cent ———		
1. Wages .....	30.8	13.0	30.8	38	37	42
2. Salaries .....	15.0	5.5	14.9	18	15	20
3. Pensions, benefits, and compensations ..	<u>1.1</u>	<u>.3</u>	<u>1.1</u>	<u>1</u>	<u>1</u>	<u>1</u>
4. Total share of employees .....	46.8	18.8	46.8	57	53	63
5. Rents and royalties .....	10.6	5.2	5.8	13	15	8
6. Interest .....	3.9	1.5	3.9	5	4	5
7. Dividends .....	<u>4.1</u>	<u>2.2</u>	<u>4.1</u>	<u>5</u>	<u>6</u>	<u>6</u>
8. Property income .....	18.6	8.9	13.8	23	25	19
9. Enterpreneurial profits and withdrawn.	<u>16.4</u>	<u>8.0</u>	<u>13.7</u>	<u>20</u>	<u>22</u>	<u>18</u>
10. Total realized income .....	81.8	35.7	74.3	100	100	100



obtaining over \$35,000 a year—secured over 5 per cent of the total income; while the richest one-hundredth of one per cent—a group of some 4,467 persons, each of whom received on the average an income of \$391,762, drew from the total over 2 per cent. The per capita income of the 99 per cent of income recipients on the other end of the scale was estimated at \$1,699.<sup>4</sup>

Dr. King points out that, while the lower income group gained on the higher groups in the proportion of income received from the years 1916 to 1921, a reverse process set in that year, and in the subsequent five years the one per cent have been the distinct gainers. Thus, in 1916, the 99 per cent of income receivers secured 85.86 per cent of the total; in 1921, 91.83 per cent; in 1926, 87.84. From 1921 to 1926 the proportion of the total secured by the richest one-hundredth of one per cent increased from .98 per cent to 2.05 per cent.

#### INCOME OF THE "RICHEST ONE PER CENT"

According to a study made by Harold Brayman, the richest one per cent of the taxpayers in 1921 had 13.16 per cent of the total reported income, while the same percentage of taxpayers in 1928 had 25.02 per cent of the income, the figure falling to 24.27 per cent in 1929. The top one per cent in 1921 extended down to individuals with incomes of \$20,000, while in 1928 and 1929 it comprised only those with incomes of \$50,000 or more. This group

#### *Income of the Richest One Per Cent of Taxpayers*

	Per cent of Taxpayers	Number in Group	Income of Group	Per cent of Total Income
1921	1.00	66,622	\$2,574,438,387	13.16
1922	1.08	72,955	3,384,468,001	15.87
1923	1.05	80,813	3,640,074,266	14.64
1924	0.93	68,592	3,904,571,536	15.22
1925	1.04	43,585	4,318,823,712	19.72
1926	1.03	42,705	4,344,093,021	19.73
1927	1.15	47,151	4,968,347,561	22.05
1928	1.05	43,184	6,309,085,009	25.02
1929	0.96	38,650	5,952,356,057	24.27

<sup>4</sup> See *News-Bulletin*, National Bureau of Economic Research, Nov. 8, 1929.



included 20,000 fewer persons in 1928 than in 1921, but during that period it had received more than three-fifths of the total increase in all reported income.

Changes made by the Revenue Act of 1924 should be borne in mind in considering the above table. That act not only lowered sur-tax rates, but by raising the amounts of personal exemption, it reduced by more than 2,000,000 the number of persons required to file income tax returns. This partly accounts for the percentage changes above. The table nevertheless indicates a substantial increase in concentration of wealth. This is particularly evident from the fact that \$2,000,000,000 of the \$2,680,000,000 increase in all incomes in 1928 over 1927 was reported by individuals with incomes in excess of \$50,000. These were years in which there was no change in tax rates.<sup>5</sup>

The character of income distribution may further be indicated by a glance at the 1929 income tax returns.

*Incomes United States, 1929 (As Estimated from Income Tax Returns)<sup>6</sup>*

Net Income classes (Thousands of dol.)	No. of Individual Returns	Net Income	Percent of total returns	Percent of Total Net Income
Under 1 .....	126,172	\$ 73,742,132	3.12	0.30
1 under 2 .....	903,082	1,499,907,745	22.33	6.05
2 under 3 .....	810,347	1,958,594,897	20.04	7.90
3 under 5 .....	1,172,655	4,572,596,263	28.99	18.44
5 under 10 .....	658,039	4,481,575,786	16.26	18.07
10 under 25 .....	271,454	4,025,233,375	6.72	16.23
25 under 50 .....	63,689	2,174,458,126	1.56	8.77
50 under 100 .....	24,073	1,646,476,000	.596	6.64
100 under 150 ....	6,376	700,536,078	.158	3.11
150 under 300 ....	5,310	1,087,409,737	.132	4.38
300 under 500 ....	1,641	628,228,889	.041	2.53
500 under 1,000 ...	976	669,877,752	.0242	2.70
1,000 and over ...	513	1,212,098,784	.0128	4.88
	4,044,327	24,800,735,564	100.00	100.00

It is of interest to note that the average income of the 513 receivers of incomes of a million dollars or more in 1929 was

<sup>5</sup> *Outlook and Independent*, May 20, 1931. "Wealth Rises to the Top," pp. 78-79.

<sup>6</sup> *Statistics of Incomes for 1929*, U. S. Treasury Department, esp. pp. 32-33-63.



\$2,362,765, or an income equal to that of 1960 workers in the country obtaining the average wage of \$1,205 a year.

The 513 of the country's monied aristocrats that year received a combined income equal to that of over a million (1,005,887) ordinary workers and a combined income only about a fifth less than the 1,215,000 workers engaged in 1927 in the mines, quarries and oil wells of the country.<sup>7</sup>

The incomes of the million-dollar-a-year men dropped during the depression year of 1930 from 513 to 149 as may be seen in the following table:

Net Income of Individuals (Thousands)	Number of Returns 1929	Number of Returns 1930
1,000 under 1,500	234	86
1,500 under 2,000	123	24
2,000 under 3,000	67	21
3,000 under 4,000	32	7
4,000 under 5,000	19	3
5,000 and over	38	8
	<hr/> 513	<hr/> 149

The differences between wage earner's income and income of property owners further increased during the first two years of the depression.

"In 1930 [declares Dr. William M. Leiserson] while the workers' earnings were reduced by 10 billion dollars, the payments made by business corporations in interest on bonds and dividends on stock actually increased by 900 million dollars. Interest payments alone were 270 million dollars greater in the first year of depression than in the prosperous year 1929. Dividends paid on stock in 1930 were more than 600 million dollars above those paid the preceding year. We are now in the second year of the depression, and while our paymasters have found it necessary to reduce wage payments by one-third, they have managed to increase their interest payments

<sup>7</sup> Dr. Willford I. King estimates that the 1,215,000 wage workers in these industries in 1927 drew wages of \$1,475,000,000 as contrasted with the combined income of the 513 of \$1,202,098,784. (*The National Income and Purchasing Power*, 1930, pp. 56, 132).



for the first eight months of the year 100 million dollars over the amount paid in the corresponding months of last year, and 300 million dollars over the same months in 1929. Dividend payments this year have declined to some extent. Up to and including August, (1931) total dividends paid were about 200 million dollars less than for the same period in 1930; but they were still 600 million dollars more than the dividends paid at the height of prosperity in 1929.”<sup>s</sup>

#### DISTRIBUTION OF WEALTH

Many guesses are necessarily involved in the distribution of incomes on account of the defects in the statistics available in governmental reports. Even more pitfalls confront the compiler of statistics on the distribution of wealth, as distinguished from income.

The latest estimate is that by Dr. Willford I. King. Dr. King takes the number of property owners in the United States as of December 31, 1921, and concludes that *one per cent own about 33 per cent of the wealth. Ten per cent own nearly two-thirds (64 per cent) of the wealth, while the poorest 25 per cent possess only about 3½ per cent.*

#### ESTIMATED CUMULATIVE DISTRIBUTION OF WEALTH AMONG PROPERTY OWNERS IN CONTINENTAL U. S. A.

Value of Property	Percent of Persons Cumulative Distribution	Amount of Wealth (% above lower limit of class)
\$50,000 and over	1.54	37.21
40,000—\$50,000	2.	40.19
25,000— 40,000	4.29	50.57
10,000— 25,000	10.73	65.10
5,000— 10,000	21.72	76.08
4,200— 5,000	26.20	79.06
2,200— 4,200	52.82	90.84

#### EVILS OF PRESENT DISTRIBUTION

The present unequal distribution is accompanied by very grave social evils. Among the poor it creates a feeling of resentment and bitterness against those who, through property ownership, rather

<sup>s</sup> Leiserson, *Effects of Depression on Employment and Wages*.

<sup>3</sup> *Journal of American Statistical Association*, June, 1927.



than useful labor, have accumulated vast sums of money. On the other hand, it gives rise to a spirit of subserviency and of sycophancy.

To the possessors of wealth it gives enormous economic, social and political power over the lives of their fellow beings—power which bears no relation to the qualifications of those who wield it as agents of social progress. In fact, the aggressive money-getters who have concentrated on the acquisition of wealth are frequently the least qualified of any portion of the population to wield social power. Years of concentration on mere money making have dulled their sensibilities to the finer values of life. Nor are the descendants of the rich who inherit their wealth and live a life of comparative parasitism better qualified for leadership.

Our inequality encourages the spirit of snobbery, of arrogance, of social irresponsibility. It puts property before human welfare. It creates an economic aristocracy of an hereditary nature. It diverts the labor of thousands from the creation of those things that are necessary to the life of the many, to useless and often harmful luxuries for the few. It causes the rising generation to turn from useful trades which will yield a moderate wage to more or less socially useless industry that offers a gambling chance for wealth. It corrupts our political life. It vitiates the social, the aesthetic and the ethical life of the people. It makes all pretense of democracy a farce.

## XII. WASTES OF INDUSTRY

THE CHIEF HOPE of a higher standard of living among the mass of producers in the nation lies in the reduction and elimination of industrial wastes. These wastes have been set forth with great clarity in Stuart Chase's *Waste and the Machine Age*, a publication of the League for Industrial Democracy and in his larger book, *The Tragedy of Waste*. Mr. Chase contends that about one-half of the energy now given to industry is wasted. I shall not attempt to repeat the facts he gives here. A telling description of industrial wastes in the production of commodities was contained



in the report on *Waste in Industry* of the Committee on the Elimination of Waste of the Federated American Engineering Society. (Better known as the Hoover Engineers.)

Reviewing generally the production wastes in six of the large industries of the country, these engineers concluded that the average plant was about 50 per cent inefficient as compared with the best production units. In the building and textile manufacturing industries, the average was about 67 per cent efficient; in the printing trades and the men's clothing industry, 50 per cent; in the boot and shoe industry, 33 per cent; in the metal industry, less than 25 per cent.

In the shoemaking industry, about 35 per cent of the worker's time is lost waiting around for work and material. There is waste, the report maintains, through speculative buying, through faulty design control, through lack of standardization. In the printing trades there are more than 600 types of printing machines and approximately 6,000 brands of paper, 50 per cent of which are more or less inactive. The Technical Publishers Association found in use in this trade 147 different kinds of filing cabinets. Current magazines were found to have 18 varieties in width, and 76 varieties in length of page and column. These variations, according to the engineers, cost the publishers no less than \$100,000,000 each year.<sup>1</sup> Morris L. Cooke discovered one firm in the clothing industry which gave each purchaser a free choice of among 278,000 possible combinations of sack suits.

"It is found," the report continues, "that at least ten hours per week per man is thrown away on energy-wasting and time-wasting work resulting from lack of shop methods, while an additional two or three hours per man per week are wasted in unnecessary work.

"Fixing the value of the annual output in the men's ready-made clothing industry at \$600,000,000, it should be relatively easy to

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<sup>1</sup> Dr. Julius Klein declared that voluntary simplification styles would affect a saving of \$250,000,000 (*N. Y. Times*, May 25, 1930).



save three-quarters of a million dollars a day, an increase of 40 per cent in effectiveness."

There is waste through lack of cost accounting and through lack of research. "The assertion probably will not be challenged that there is not a single individual throughout the entire men's clothing industry who is solely engaged in research and is thus without operating duties. . . . In the shoe industry there is lack of information as to market demands in this country and abroad."

Only a few industries studied have any idea as to the reasons why men quit. The average labor turnover in the metal industry was 160 per cent. In the shoe industry it costs \$576 to train an inexperienced man to cut upper leather.

Modern industry fails to provide proper training for effective workmanship. Plants are kept idle, and many are far larger than is necessary. The plants in the printing industry are from 50 to 150 per cent overequipped.<sup>2</sup> Under present competitive methods firms are constantly securing expensive machines to do jobs of a temporary nature, scrapping them when the contract goes elsewhere. And there is waste of many other varieties.

"Over 50 per cent of the responsibility for these wastes," observe the engineers, "can be placed at the door of management and less than 25 per cent at the door of labor, while the amount chargeable to outside contacts is least of all."<sup>3</sup>

The Hoover Engineers have nothing to say regarding the wastes of distribution,<sup>4</sup> the wastes of war and militarism, the wastes of our present competitive system as a whole. For these the reader will have to read such surveys as Stuart Chase's volumes. Enough is here given, however, to indicate that if industry were organized more scientifically, and on the basis of human service, all of the

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<sup>2</sup> See Laidler, *Unemployment and Its Remedies*, pp. 90-1.

<sup>3</sup> See *Waste in Industry*, esp. pp. 9-17, 96, for material in this section.

<sup>4</sup> Julius Klein, assistant Secretary of Commerce, declared that the total mercantile business could be conducted for from \$10,000,000,000 to \$12,500,000,000 less than at present. This would involve a saving of from \$400 to \$500 a family. (*N. Y. Herald-Tribune*, Sept. 28, 1931.)



country's producers could easily secure, with a proper distribution, enough for a healthy and joyous life.

### XIII. GAINS AND LOSSES

I HAVE told you something of how America lives. Despite our "prosperity," we find that hundreds of thousands of Americans are receiving incomes that make a low standard of living inevitable. In the train of low returns are found the evils of unemployment, of child labor, of malnutrition, of excessively high sickness and death rates, of bad housing conditions. American life suffers from an unjust inequality of wealth, and from various kinds of industrial waste.

Are conditions improving or becoming worse? As a result of trade union organization, increased productivity in industry, the development of community control and the general educational process, the present situation—in need of improvement as it is—is, in a number of respects, better than that of a decade or two ago. In other respects, conditions have become increasingly serious.

#### THE CREDIT SIDE

Among the gain that may be mentioned from the standpoint of the majority of the people are the following:

1. *Reduction in working hours.* In the manufacturing industries, the average worker puts in roughly five hours less a week than he did in 1914—fifty hours, or about 8¼ hours a day—as compared with approximately fifty-five hours before the war. The union full-time week has decreased by about four hours, from about forty-nine to forty-five hours.<sup>1</sup>

In the union building trades—the so-called labor aristocrats—the average hours in 1927 had decreased to 43.7, while the forty-hour movement was bringing the average still lower. By 1929, some

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<sup>1</sup> See *Recent Economic Changes*, p. 444-455.



500,000<sup>2</sup> workers came under the provision for a five-day week. The greatest reduction took place since the war in the iron and steel industry. Here the normal week had been reduced from high average of sixty-six hours—an eleven hour day—in 1913 to fifty-four hours—a nine hour day—in 1926. In the men's clothing industry, where the Amalgamated Clothing Workers have done yeoman service, there was a drop of over seven hours, from fifty-two hours in 1913 to 44.3 in 1926. In cotton goods the average was 53.3 in 1926 as compared with 57.3 in 1913. An increasing number of firms were giving a half holiday on Saturday and some were providing for a vacation with pay. However, a ten hour day still prevailed in the textile industry of the South and, during 1929, a number of strikes were called in North and South Carolina and Tennessee by workers whose working day lasted for twelve hours and twenty minutes.

In many instances, however, the intensity of labor during the hours worked results in greater fatigue, in greater physical and nervous strain than did the longer work-day under more leisurely conditions. In other instances, what the modern worker has gained in working hours he loses in the strain of getting to and from his work under the increasingly congested traffic conditions in our American cities. Many Ford employees have complained that they have often to wait an hour at the plant before securing standing room in a home-bound surface car.

2. *Increase of Productivity and Income.* The productivity of the individual worker has steadily increased since the beginning of the century. From 1899 to 1925 "the physical volume of production of farms, factories, mines and railroads in the United States increased by 136 per cent," according to Dr. Leo Wolman of the National Bureau of Economic Research, "while population grew by slightly over 50 per cent. Thus production *per capita* of population is now nearly 60 per cent greater than it was in the final years of the nineteenth century. The volume of output for each worker

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<sup>2</sup> Chase, *Prosperity, Fact or Myth*, p. 164.



*engaged directly in production has, during the same period, increased by 76 per cent."* This increase for the six year period from 1919 to 1925 was especially great—no less than 27 per cent.

From 1899 to 1925, increase in productivity per worker was especially marked in mining, where it jumped 99 per cent; in railroads 56 per cent; agriculture 53 per cent; and manufacture, 42.5 per cent. From 1921 to 1925, technical changes increased the product per worker in manufacture by no less than 35 per cent. Changes in 1926 and 1927 were slight.

This increase in productivity is reflected in the advance to total realized income in the United States from 35.7 billion dollars in 1913 to 89 billion in 1928.<sup>3</sup> In terms of 1925 dollars, this showed an increase per capita of from \$621 in 1913 to \$733 in 1926.

Thus the problem of production is gradually being solved. "Until comparatively recent times," writes Dexter S. Kimball, "the problem of industry was to produce in sufficient quantity to supply the demand. Today the problem of industry is largely that of disposing of its products. If manufacturing industry should devote all of its energies to the production of *necessities* alone, it would be difficult to dispose of the output intelligently. The problem of industrial production has been temporarily solved, and as a consequence we have passed from a 'sellers' market to a 'buyers' market. . . . If poverty and industrial distress still exist, it is because of our inability to keep our industrial machinery in operation and to distribute equitably the resulting products. It is not sufficient to be able to produce abundantly; we must also be able to distribute intelligently."<sup>4</sup>

3. *Increase in Wages.* The huge advance in productivity has had some reflection in higher wages. Various estimates of increases in labor's income have recently been made. They vary somewhat in detail, but most of them agree that the purchasing power of the average worker has advanced since the war. Dr. Morris A. Copeland calculated in *Recent Economic Changes* that real wages on

<sup>3</sup> See *Recent Economic Changes*, p. 763.

<sup>4</sup> *Ibid.*, p. 82.



the whole had risen some 19 per cent from 1913 to 1927, and that salaries had increased 14 per cent. From 1923 to 1927, the increase had been a comparatively small one—less than 5 per cent.

Hourly wages in 23 representative manufacturing industries had increased in the thirteen year period, 1914-1927, according to the National Industrial Conference Board, from 25 cents to 57 cents, as follows:

	<i>Average</i>
1914 (July) .....	\$0.25
1920 .....	.61
1921 .....	.52
1922 .....	.49
1923 .....	.54
1924 .....	.56
1925 .....	.56
1926 .....	.56
1927 .....	.57
1931 (Nov.) .....	.54

The Conference Board's table indicates a large increase in the years before 1924, but little change from 1924 to 1927, and a decline, as indicated, during the depression.

In the building trades, on the other hand, there was an almost uninterrupted rise since 1914. In 1914, the hourly rates in the unionized building trades increased from 53 cents in 1914 to \$1.32 in 1927. In all unionized trades the hourly rates in 1928 stood 161 per cent above those of 1913.

In contrast with the building trades, hourly earnings fell in the bituminous coal industry, where steadily increasing tonnage was mined by non-union men. The hourly earnings of tonnage workers, throughout the industry, were 85 cents in 1922, 78 cents in 1924 and 75 cents in 1926, while the inside and outside day workers suffered a decline from 75 cents in 1922 to 66 cents in 1926. It is probable that wages throughout the industry, with the abandonment of the Jacksonville agreement, are at present writing less than in 1926. In the textile industry, in agriculture, etc., wages remained at a low ebb. Farm labor secured on the average about



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\$10 a week; textile workers of North and South Carolina, from \$10 to \$13.

In fact, in manufacture the rate of increase in wages in recent years has lagged far behind the rate of increase in productivity and in profits. According to Dr. Frederick C. Mills, while output per man increased on the average 3.5 per cent a year from 1922 to 1927; dividend payments, 6.8 per cent and profits, 9 per cent, earnings of factory workers per capita advanced only 2.4 per cent. Dr. Mills' estimates follow:<sup>5</sup>

	Average annual Rate of Change 1922-1927
Production of manufactured goods .....	4.
Employment in factories .....	— 0.7
Factory payrolls .....	+ 1.7
Per capita earnings, factory employees.....	+ 2.4
Output per man .....	+ 3.5
Profits, industrial corporations .....	+ 9.0
Dividend payments, industrial and miscellaneous corporations .....	+ 6.8
Prices, industrial stocks .....	+ 14.

4. *An increase in educational facilities.* The total expenditure for education increased by 250 per cent between 1913-14 and 1925-26. There was a ten-fold increase in expenditure for high school education during this period, and a 200 per cent increase in enrollment. The number of college and university students also grew with great rapidity, from 325,219 to 822,895, while expenditure for free college and university education increased by nearly 350 per cent. The outlay for recreational purposes likewise advanced by some 146 per cent over 1913. The total income derived from free public services of education, charity, recreation, health and sanitation, in fact, jumped from less than a billion dollars in 1915 (\$859 million) to nearly three billion (\$2,861 millions) in 1926.\*

5. *A decrease in mortality.* Dr. A. J. Lotka of the Metropolitan Life Insurance Company maintains that, if the same death rate

<sup>5</sup> *Ibid.*, p. 607, 433-6, 771.

<sup>6</sup> *Ibid.*, pp. 17-9.



prevailing in 1900-02 prevailed in America in 1925, some 573,326 more people would have died in America than was actually the case. This large saving of life resulted chiefly from the war against tuberculosis and contagious diseases. In 1900 the death rate from tuberculosis per 100,000 among males from 25 to 44 years of age was 275.4; in 1920, 154.1; in 1926, 112.1. The rate among the age group, 45 to 64, declined during that period from 249.5 to 137.2.<sup>7</sup>

6. *Improvement in general living and working conditions.* Some improvements since the war might be noted in working conditions in factories—particularly the newer and larger factories and in housing conditions, while the increased use of bath tubs, electrical appliances, telephones, radios, automobiles, etc., attest to the higher standards of living among numbers of the population.<sup>8</sup> This improvement however, definitely stopped in October, 1929, and a reverse movement set in.

#### THE DEBIT SIDE

On the other hand, certain losses from the standpoint of the masses must be noted.

1. *The increase in insecurity.* Since the war there has been an actual decrease in the number of workers in manufacturing and in farming, accompanying an increase in production in those industries. Expansion of business in other lines, particularly in merchandising, absorbed many workers. "But the supply of new jobs has not been equal to the number of new workers plus the old workers displaced. Hence there has been an increase of unemployment between 1920 and 1927, which exceeds 650,000 people."<sup>9</sup> The depression of 1929-32 has been the most prolonged and in many ways, the most severe in the last generation.

A new kind of unemployment has developed, or, more truly, an exaggerated form of an old type of unemployment—"technological unemployment," as it is called, unemployment resulting from

<sup>7</sup> *Ibid.*, p. 23, 430.

<sup>8</sup> *Ibid.*, Ch. I by Dr. Leo Wolman.

<sup>9</sup> *Ibid.*, p. 878.



rapid technical changes in machine civilization. Insecurity is increasing particularly among men and women over forty. The speed-up system in mass production forces workers on the scrap heap at an earlier age than formerly. Many firms will only consider younger applicants. The merger movement has added to industrial uncertainty. The loss of one's job and the fear of discharge and of starvation or dependence on charity is one of the greatest tragedies of modern civilization.

2. *The increase in accidents.* In the larger, better equipped industrial plants industrial accidents have a tendency to decrease. Taking the country as a whole, however, the American Engineering Council found that, since 1920, industrial accidents increased slightly faster than the population.

Taking all accidents together, one finds an increase from 68.7 per 100,000 in 1921 to 78.4 per 100,000 in 1927. For most of this increase the automobile has been the responsible cause.<sup>10</sup> In 1927 it was estimated that 23,176 lost their lives from auto collisions, exclusive of deaths in collisions between automobiles and heavier vehicles, out of an estimated total of 93,000 accidental deaths.

3. *An increase in strain of modern life.* A person who reached 37 years of age in 1927 had over a year less expectancy of life than he would have had in 1921, although, on account of the drop in children mortality, the total longevity had considerably increased. Mortality from diseases of the heart, blood vessels, kidneys, etc., has been increasing during past years. A recent survey of sickness causing disability of more than one week among the male members of 15 large industrial sick-benefit associations, conducted by the United States Health Service, showed an increase in the diseases of the heart and arteries from 1922-24 to 1926-28 of 45.5 per cent; an increase of all forms of cancer of 40 per cent; increase of diseases of the ear of 12 per cent and a 7 per cent increase in eye diseases.<sup>11</sup>

<sup>10</sup> National Safety Council, *Accident Facts*, p. 8; Chase, *ap. cit.*, p. 165.

<sup>11</sup> Address of Dean K. Brundage, Associated Statistician, U. S. Public Health Bureau, before the National Safety Congress, Oct. 1, 1929.



4. *Increased concentration of income in the hands of the few.* As we have brought out in these pages, from 1921 to 1926 the proportion of the nation's income going into the coffers of the wealthiest income receivers steadily increased. The richest one-hundredth of one per cent of the income recipients received in 1921 less than one per cent (.98 per cent) of the income; in 1926, over two per cent (2.05 per cent). The richest one per cent increased its income from 9.24 per cent of the total to 12.16 per cent, while the poorest ninety-nine per cent found their total decreased from 90.76 per cent of the nation's income to 87.84 per cent.

Putting the matter in another way, the per capita income of the wealthiest one-hundredth of one per cent of the income takers (about 4,000 in all) averaged but \$151,552 in 1921. By 1926, that average had advanced to \$391,763. On the other scale of the ladder, where the ninety-nine per cent of income recipients were located, the advance was a trifling one of from \$1,437 to \$1,699.<sup>12</sup> As a result of the Wall Street collapse in the fall of 1929 there had been an additional shift of considerable proportions from the pockets of the poor to the pockets of the rich. The great development of the merger movement had, during these years, concentrated industrial power into few and fewer hands.

5. *Military burdens have been increased.* The increase in military expenditures for national defense to a point where the United States appropriates for military purposes an amount "in excess of the most highly militarized nations in the world," as President Hoover expresses it, is a distinct loss. It is not only a loss in money but in national attitudes, and is likely to assist in the development of the military spirit, as the onward rush of military training in our schools and colleges indicates. Accompanying this advance are certain imperialistic adventures in Latin America, which are fraught with grave dangers to the peace of this country and the world, and, inevitably, to the comfort and the happiness of the masses.

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<sup>12</sup> Bulletin National Bureau of Economic Research, Nov. 8, 1929. See also *Recent Economic Changes*, p. 836.



6. *Specific industries suffered severe losses.* Even during our so-called prosperous era, many industries were regarded as deficit industries. The farmer has suffered a severe deficit. Farm mortgages about doubled from 1910 to 1920, while the percentage of tenants increased from 25 per cent in 1880 to 38 per cent in 1920 and 38.6 per cent in 1925. Six corporate groups from 1923 to 1927 showed declining profits, the most severe losses having occurred in the textile, clothing and coal industries. Dr. Frederick C. Mills estimated the average annual rate of change in corporate profits in the six industries during the years 1923 - 1927 as follows: (— = minus) : coal, —48.6 per cent; clothing and textiles, —10.5 per cent; paper, —4.4 per cent; railroad equipment, —6.1; building supplies, —2.2 per cent and motor accessories, —1.0. In these industries the workers were the chief sufferers as was indicated in the bituminous coal industry by the wage drop of 10 cents an hour from 1922 to 1926<sup>13</sup> and the very considerable increase in unemployment.

In estimating gains and losses in our machine civilization, we cannot of course ignore the increasing exhaustion of our natural resources, particularly of our forests and our oil lands. The effect of this growing exhaustion will be severely felt within the next decade or two.

The student must also constantly be on his guard when attempting to translate physical volume and money return into terms of human welfare. An automobile, for instance, counts for more in physical volume than did the old fashioned "bicycle built for two." Opinion, however, is likely to differ widely regarding the relative health-giving and happiness-giving qualities of the old fashioned bicycles of the nineties and the automobiles of the nineteen thirties. Certainly the average automobile spins of a Sunday around the great cities cannot be commended for their oxygen-giving qualities.

Nor has a higher wage been always a compensation for the

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<sup>13</sup> See *Recent Economic Changes*, p. 443, 641.



increasing speed and uncertainty in our national life. Prior to the Wall Street crash, Stuart Chase thus described the so-called prosperity of the worker:

"We have added a little real income and considerable fluff to the totally inadequate distribution of goods and services obtaining in 1922. Is this prosperity in the deeper sense? No. The most that can be said is that the last seven or eight years have registered a rate of advance in the direction of a prosperity which may some day be achieved." . . . The wayfaring man "has received new sorts and varieties of goods, sacrificing, at the same time, housing space, bulky foodstuffs, textile yardage. . . . He has received the motor car for which his spirit yearned. . . . But the pace of living generally is accelerating. As it whirls faster and faster, it brings no discernable peace of mind. . . . Prosperity in terms of tranquility and genuine leisure has not arrived for most of us. In this respect the Indians under the Incas were a far more prosperous people."

Even this "prosperity" was soon to stop and today men and women are wondering whether the degree of well-being which the nation enjoyed before the crash will return for years to come.

#### LEST WE FORGET

Nor must we forget that, despite the advances,

1. A large proportion, perhaps a majority, of our people received in "prosperous times" less than sufficient to permit them to live lives of health and decency.
2. The average farmer is living on a deficit. He is not bringing in enough to permit him to pay himself a small wage and a minimum interest on capital invested.
3. From one and a half million to ten million are unemployed in good and bad years in the United States and the bread line has increased by 650,000 from 1920 to 1927.
4. Between one and two million children—perhaps a larger number—are forced to leave school and work for a pittance, while



tens of thousands of other children toil long hours without any money compensation.

5. A total of 350,000,000 days more or less are lost each year through sickness—most of it preventable—on the part of those gainfully employed. Between 20,000 and 25,000 workers are killed in our industries, while 2,500,000 are injured.

6. Some millions of our children go to school in "good years" each day without proper nourishment.

7. Some four or five million residents over 10 years of age in the United States are illiterate.

8. Millions of workers in the cities and on the farms still live in tenements and in shacks unfit for human habitation in twentieth century America, despite improvements since the war.

9. One per cent of our income receivers obtained before the 1929 depression one-eighth of the realized income, while 10 per cent received one-third. Four thousand people in our richest class received in 1929 an average of nearly \$400,000 a year, over 230 times the average received by the 99 per cent in the lowest income class.

10. Perhaps one-half of the energies of our workers is wasted as a result of the present chaotic competitive social order.

11. Militarism since the war has become a grave and increasing danger. We are spending on our army and navy 270 per cent more than we spent before the war.

These are some of the social evils which must be courageously faced. At every turn the reformer who aims at the eradication of these specific evils is met by the strong opposition of those who are running industry for profit and not for service. It is our belief that industry must be organized on a basis of service if these evils are to be eliminated from present day society. Those who claim that they can be abolished under a system where the control of industry is in the hands of men whose main object is profit are under a serious burden of proof. And it is certain that these evils can only be eradicated as a result of the most intelligent and devoted efforts of those who have caught a vision of a more brotherly world.



Publications of the League for Industrial Democracy

*These include the L. I. D. Monthly and the following books, leaflets and pamphlets:*

<i>America's Way Out: A Program for Democracy.</i> Norman Thomas (Macmillan, 1931) .....	\$2.50
<i>Concentration in American Industry.</i> Harry W. Laidler (Crowell, 1931) .....	\$3.75
<i>A History of Socialist Thought.</i> Harry W. Laidler (Crowell, 1927) .....	\$3.50
<i>What Is Socialism?</i> Jessie Wallace Hughan (Vanguard, 1928) .....	35¢
<i>New Tactics in Social Conflict.</i> Edited by Harry W. Laidler and Norman Thomas, 1926 .....	50¢
<i>Socialism of Our Times.</i> Edited by Harry W. Laidler and Norman Thomas, 1929 .....	50¢
<i>Old Age Security.</i> Abraham Epstein, 1930 .....	15¢
<i>How America Lives,</i> Harry W. Laidler, 1932 .....	15¢
<i>Public Ownership Here and Abroad.</i> Harry W. Laidler, 1931 .....	15¢
<i>The New Capitalism and the Socialist.</i> Harry W. Laidler, 1931 .....	10¢
<i>Unemployment And Its Remedies.</i> Harry W. Laidler, 1931 .....	25¢
<i>Southern Labor in Revolt.</i> Kenneth Meiklejohn and Peter Nehemkis, 1930 .....	10¢
<i>The Social Management of American Forests.</i> Robert Marshall, 1930 .....	10¢
<i>The People's Fight for Coal and Power.</i> H. S. Raushenbush, 1926 .....	10¢
<i>Roads to Freedom.</i> Harry W. Laidler, 1930 .....	10¢
<i>Why I Am a Socialist.</i> Norman Thomas, 1932 .....	5c
<i>Waste and the Machine Age.</i> Stuart Chase, 1931 .....	15¢
<i>Poor Old Competition.</i> Stuart Chase, 1931 .....	10¢
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