

to attain an objective which presents a series of obstacles to accomplishment.

The fourth question is: Are you studying your own abilities and the outside situation to see whether some change in vocation might be better for you in the long run? Many men fail because they were not in the right work in the first place, and can perhaps never succeed fully in competition with others. The responsibility for such self-examination is similar to that of the man still employed, but it exists in a still greater degree.

The fifth question is: Are you capitalizing your extra time, not spent on your job-campaign, in preparing yourself for the next job? Whether it be in building up greater knowledge about your old field, preparing for a new vocation, or fitting yourself for added responsibilities farther up the line, you are responsible for the present continuance of your personal growth. You need this self-development to help you get a job more quickly. The past is gone anyway. What of the future?

So much for the questions. They are hardly exhaustive but cover perhaps the most important range.

It will be noted that most of the personal qualities enumerated and the acts called for are substantially subject to a man's own volition. It rests largely with himself whether he chooses to be dependable, industrious and the rest; and to do the required things. This is a serious responsibility under any circumstances, and one which must be especially checked up when we are seeking to determine whether a man's unemployment is primarily his own fault.

The man who succeeds under adverse conditions has to fight. While it is true that some still have their jobs through luck, some through fortunate circumstances, or other fortuitous considerations, it is more frequently the case that a man who has his job today has earned it in competition with those who have been laid off.

In this connection we may say that it often takes only one hole to sink a ship. It often takes only one or two points of failure to sink an individual. The successful man has the intelligence, energy, courage and vision to keep himself checked up all along the line. We all have holes, of course, but we can learn finally to keep them pretty well covered up and to avoid their effects.

A man who still has a job, then, has fought fairly successfully the battle of the effective integration of his own personality, his adaptation to other people and to his present environment, and has prepared sufficiently for at least the immediate future, so that others have confidence in him that he will be able to continue as a useful and successful member of the industrial family.

But many a man has done all of these, and is nevertheless out of a job. All things considered, where does the balance of responsibility lie?

Taking humanity in the mass, we must say at once that in times like these a considerable proportion of this mass must necessarily be thrown out of work. There is no escape until we find some way of readjusting our social economic system more nearly in accordance with our requirements as human beings. In this proportion that are thrown out of employment, there are many whom nothing could save from being separated from the payroll—their whole plants may have gone to the wall, and everybody released regardless of ability or other circumstances.

But when it comes to each individual, it is necessary at least to pause. Each case must be scrutinized before a fair judgment is possible. As long as some people are working, why are not you? As long as some people are getting new jobs after losing the old one, why are not you? Is it a fact that you yourself have done everything you could?

The first burden of proof in any particular case is necessarily

on that individual. One of the foundations of our American life is that each individual is relatively free to make of his own nature what he will. Have you taken advantage of all of your opportunities? Have you really developed the talents which were packed away in your personality at the time you were born? Are you doing everything that you can for yourself today?

The combination of a certain amount of inevitable unemployment, and the inevitable responsibility of the individual to show cause why he personally is not among the employed produces a rather cryptic philosophy; but its tenets seem inescapable. We are reminded of the Biblical dictum: "For it must needs be that offenses come, but woe unto him by whom the offense cometh." None of us can, or even wishes to, escape from the individuality which is his, let the corresponding responsibilities be what they may. We are not a nation of quitters.

But in considering the unemployed individual's own responsibility, final judgment must be fair, and even tempered with mercy. Human beings are not yet perfect. And in very many cases, regardless of the man's own ability or efforts, there has been absolutely no escape from unemployment.

The second burden of proof is on society; and here there can be no mercy. Has this man been given a reasonable chance, to make of himself personally what he really could? Has society so organized itself that it has laid on him unnecessary burdens? Has it provided for each of its members a proper type of education, of vocational guidance, of training, of opportunities for self-development in and outside of his work? Has it provided him adequately with healthful conditions and safety from disabling accidents? Has it provided him with reasonable opportunity for attaining economic security? Has it burdened him with political extravagance, with graft and with favoritism? Has it made of him a chattel to be used and discarded rather than a partner working for the common welfare? Has it sufficiently shared with him, in shorter hours, the economies and profits of technological advances? Has it fostered or discouraged cupidity and greed? Has it so arranged and planned its total economic system that unemployment catastrophes like the present cannot recur in the same degree?

These are forthright questions. Their import may lay a heavy burden of responsibility at the door of society as a whole, or of particular groups which are primarily responsible in each case. They are truly inescapable reasons for the failure of many an individual.

But we must not blink at the whole truth. Many are still working. The first burden of proof regarding responsibility for his own particular unemployment is still squarely on the individual. If he can clear himself, society must then take the responsibility as its own.

## II. A Plan for Financial Security of Employees

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THERE IS no one among you who would attempt to convert the statement that it is sound business for a corporation to set up reserves against depreciation of physical property and against major emergencies. The necessity of such reserves has come to be so axiomatic that we never question the practice. Therefore I am prompted to ask the question: What would have been the effect if when we were vigorously climbing out of the brief post-war depression of ten years ago, employers and employees on a large scale had co-operated to establish similar

personal reserves for each individual worker, and those reserves with the earnings and growth that accrued to them had been steadily compounded under capable financial management?

The formulation of a plan that hopes adequately to answer this question during the next ten years has been the culmination of nearly a year of research that I have had the agreeable duty of conducting for my firm, of which the business is the management in a fiduciary capacity of the invested funds of clients such as banks, trust and insurance companies, estates and business corporations.

During 1931 we noticed in our constant conversations with clients and other contacts a steadily increasing infiltration of a subject of which we had little knowledge. These business executives were talking more and more about the financial welfare and security of their employees. So widespread was the interest in this matter, with its multitude of ramifications, that early in 1932 we determined to gather some facts. We are not through by any means, but we have gathered enough facts to draw certain conclusions and from those conclusions to mould a plan which we believe is, to at least a very considerable degree, the answer to the question which I propounded.

I need say to this particular gathering that our studies thoroughly confirmed the importance of the subject and the existence of an overwhelming interest that has developed in relation to it! The Rev. Jones J. Corrigan recently stated the case clearly over the radio in these words:

How far Government will go in taking over the control of industry for the common weal will depend on how far industry itself farsightedly incorporates "human planning" into the economic planning now so prominently discussed. Economic planning is vital to the new era, to avoid the over-production and waste of the hit-or-miss policy of the past, but "human planning" must receive far more attention in the new day if industry is to measure up to the new responsibilities set by an aroused public opinion. The present unemployment has started a ground swell that may sweep all before it unless the human responsibilities of industrial relations are speedily recognized and measures taken to meet them. The machine has made the problem acute. A just and rational solution is possible. May it be found without resort to strife, bitterness and industrial warfare!

That statement is amply supported by the facts uncovered by our studies. The American people will never again calmly stand by while we descend from the height of a frenzied, insane, utterly unwarranted boom to the depth of nearly forty per cent of our population without visible means of support and another third working a few hours a week for a wage that just permits existence. Unless we want the Government to take over the responsibility for preventing another such calamity, as governments are now doing on a socialistic basis in nearly every other country in the world, the leaders—the management brains of American industry—must assert their leadership and use their brains to initiate a thoroughly sound and sane "human planning" as we rise out of this morass we are in.

Well-managed companies have built up reserves that are available to tide them through this present situation, but with few exceptions they neglected to see that their workers—the buyers of their products—also built up personal reserves.

Do not misunderstand me; I am not advocating unemployment insurance, for I do not believe there is such a thing, literally speaking. I am advocating nothing more than the good old fashioned practice of my Scotch forefathers—*thrift*. But thrift that is managed, organized and soundly administered through the most natural and logical relationship in existence, that of employer and employee. I am urging nothing more than that the employers of this country shall point the way; make the vehicle available and then provide a part of the fuel necessary to keep the employee on the sound highway of financial in-

dependence through personal reserves against the major emergencies that he will meet along the road. These may be death, accident and illness, unemployment and old age. Is there anything radical in that? It is nothing more or less than the inevitable conclusion derived from unprejudiced study of existent facts.

Let us reduce the problem to a few simple fundamentals and proceed with their solution: (1) Such reserves as are set up must be available only for real emergencies; (2) the employer and his employee must co-operate both as to the organization and the independent administration of the reserves and as to the contributions thereto; (3) the savings of the employees must be absolutely protected and must be readily available either as cash or as paid up insurance protection, in the event of termination of employment; (4) the reserves must be so invested as to assure earnings and growth that will build them up adequately, so the contributions to them will not be an undue burden on either employer or employee; (5) the protections afforded must be a minimum basic security, proportioned to the lowest wage-earning class against death, a number of minor recurring emergencies such as illness, accident and death of a dependent, unemployment and old age.

Let us understand that we are attempting to create only *minimum* reserves by co-operative contribution. Our studies led us to believe in the essential soundness of providing practically compulsory reserves for all employees on a scale commensurate with the requirements of the lowest paid group of employees. If higher paid employees wish to build up reserves more in keeping with their normal scale of living, they may take advantage of the facilities provided to create additional personal reserves over and above the standard rate; but the employer does not contribute accordingly. You may note that I just said *personal* reserves. Our studies have led us to believe that the responsibility of the individual is essential to our American scheme of things. We do not believe that at this stage of our social development we can induce the more capable workers to contribute to reserves which may be used for unemployment relief of the least capable workers. By so doing we should be actually paralyzing thrift and encouraging laziness and inefficiency.

Thus we start with the attempt to provide adequate minimum standard protection by setting up individual personal reserves with the aid of the employer. Our first emergency is death. We propose to purchase from the reserves a standard amount of straight life insurance for each employee. Straight life insurance can now be purchased for employees under fifty-six years of age without medical examination. The amount of the policy will vary according to the requirements of various companies. A thousand dollars is a usual amount. We suggest straight life instead of group insurance because the employee would then have an equity that he can take with him, and because he is building a guaranteed reserve for himself in the form of loan value or cash surrender value. Group insurance is nothing but net protection which cannot be transferred if the employee leaves. The difference in premium cost would have to be compounded at 6 per cent per year to equal the equities in a straight life policy. So we consider that the savings of the employee guaranteed by a sound life insurance company are well invested at 6 per cent.

Our second emergency is a group of minor recurring emergencies such as illness, accident, death of a dependent, or any other emergency requiring a comparatively minor sum of money for what may be called a "provident purpose." This type of emergency is met in two ways. Where there exists an Employees' Mutual Benefit Association it is incorporated with the reserve fund, a part of the reserves being set aside for the benefit of the employees faced with such an emergency. Where a mutual benefit association does not exist, it is advisable either to set one up as a part of the reserve fund or else to purchase group