

times, under such conditions, the production and sale of consumption goods would be too small for the best interests of both consumers and producers.

In such circumstances we could very easily have overproduction; real overproduction of capital facilities and potential overproduction of consumer goods in the light of purchasing ability.

A generation or two ago an undue proportion of savings out of our national income may have been impossible. We may have had occasional overbuilding of certain essential facilities from time to time, but in the long run we had to depend partially upon foreign capital to build up our economic machine. It was only in the first decade of this century that the tide commenced to turn and we were able to save enough to maintain and expand our own capital facilities. The War stimulated greater production and thrift. We loaned to other nations on a grand scale. After the war we loaned again on a grand scale for reconstruction. We still wish to produce for foreign investment, but the competition from other foreign nations is severe and a large portion of the world is able now to maintain and expand its own capital facilities and wishes to export its savings for investment. We must now face heavy imports as interest payments upon our foreign loans.

At one time personal and national thrift was a great and glorious virtue. Today a certain amount of personal thrift is necessary for personal financial security. National thrift adequate to maintaining reasonable capital needs is and will be necessary.

We shall still have economic growth and the need for large savings. Our population is growing, even though not at its former rate. Our per capita production is growing and our desires are evidently great enough to require a very decided increase in consumer goods, provided we maintain a safe balance between that part of the national income set aside for savings or investment, and current consumption. We must give consumer demand a chance to grow to its optimum.

What should be the balance between savings and use? No one knows. What has it been during this last decade? Again no one knows. We can see that possibly savings and capital expenditures have gone ahead, in a geometric ratio, of the sale of consumer goods, and that the foreign situation is such that there is no opportunity for a rapidly expanding foreign investment.

The present very generally conceded situation of overcapacity in industry or oversupply of capital goods; the recent orgy of investors bidding against each other on Wall Street and elsewhere, for a chance to put their money or credit into stock or other certificates of ownership and investment, and the failure of the consumer market to keep up with the pace, look as though an unsafe share of our national income had been devoted to investment or savings. And the valuation of such savings has been drastically scaled down in the past eighteen months. On the other hand, to the extent that there has been truth in the talk of "profitless prosperity," the charge of a lack of balance in that direction is doubtful.

Thus the problem of overcapacity of productive equipment reduces itself to a problem of savings and investment of surplus; a problem of the distribution of our national income between savings for increase of capital facilities and the funds available through wages or dividends for the current consumption of goods and services by the masses of our citizens.

We should know the real facts about this situation and base our programs for the future on knowledge of present-day facts rather than on ideals based on past situations, or even on present ideals of what we should like to produce or what profits we should like to re-invest.

What of the problem of employment? Probably no one today denies the presence of unemployment. Aside from the problem of temporary alleviation of this situation, the question is whether or not unemployment is merely a result of a cyclical depression and will automatically disappear when business recovers, or whether it is more permanent.

Is our unemployment merely an effect of depression, or is it more deep-seated and actually one serious cause of depression? Some serious thinkers saw unemployment marching upon us before the depression appeared and believe that only fundamental economic changes can banish it in the future.

If we concede the possibility of unbalance in the distribution of national income between current spendings and savings, we can see how unemployment may result from lack of adequate popular spending power which means that many serious wants remain unsatisfied. Such a situation might be aggravated over a considerable era through a

widespread application of those mass-production methods and labor-saving devices which are at times so helpful when applied to an individual industry. Mass-production and labor-saving devices have been so successful in some types of factory production that we may have overpopularized their application in various directions. There is very grave reason to doubt if their application to merchandising has been particularly sound, or is it certain even that it is warranted in all phases of factory production. Fortunately, plans to force it into agriculture have not gone far.

Mass-production and labor-saving devices have, however, been applied very successfully in many fields. There will be a tendency in the next year or so to force the application still further in order to pull various industries out of depression. Is such a program desirable from the standpoint of the stability of industry as a whole? Will it not tend toward the perpetuation of unemployment with a consequent lowering of the public purchasing power?

The answer cannot be a simple "Yes" or "No." On the one hand, we must face the fact that continued progress demands still greater efficiency and economy in production. On the other hand, there is no saving from the standpoint of industry as a whole unless the purchasing power of the masses is maintained. Superficially we have a dilemma.

The dilemma is only superficial. We may eat our pie of labor-saving and have it too if we can preserve abundant remunerative employment for the masses, or otherwise maintain their spending power and give them wholesome activities with which to occupy their leisure.

In no case is it well for industry as a whole that labor should be saved, unless it is saved for something useful. Too much of our thought has been spent on the mere saving of labor. With abundant wants, is our economic thinking so sterile that it cannot find ways to make this labor saved useful? It is on this latter phase of the matter that the thought of business planners must be focused for the next few years.

Shorter working hours and higher rates of wages are urged as means of solving the difficulty, with the idea that more people will be employed. Aside from the practical difficulty of applying such a program just now, we should face the problem of this saved time of the individual. How will he

spend his leisure? Will he compete with other labor one day a week, or engage in some absorbing and socially wholesome recreation? In the long run shorter hours and higher wages will undoubtedly develop and help to solve this problem.

New industries are sought by some thinkers to absorb labor saved by old ones. If the new ones are of types which make their products largely by machine on mass methods, it is difficult to see how there will be anything but temporary help leading soon to still greater troubles. Fortunately, there is a chance to develop industries which are not of this type.

What we need here again is balance. On the one hand we have industries that economically do and should conduct themselves on the basis of mass-production and increased use of labor-saving devices. On the other hand we have industries and services in which the skilled human element in production predominates and mass-production methods and labor saving do not apply economically. We need balance between these different types of activity.

Fortunately, those industries in which the skilled human element predominates naturally produce articles and services of a semi-luxury nature which can most readily be marketed to those people whose profits come from mass production. Of such nature is almost the entire output of some communities, such as Old Deerfield in Massachusetts. Such luxury industries are only the extreme contrasts to, or balance for, mass production. In between we have many industries where mass production has varying degrees of applicability. In many of these labor saving has been pushed unduly because it is a general fad. In such times as these we should know where labor saving is not a true saving, and in such instances, as scientific business planners we should do our utmost to discourage its application.

How much better it would be if we knew more about the true economic applicability, of mass-production methods to various industries and branches of commerce, and if we knew those industries which if stimulated would offer greater outlets for profitable employment of saved labor. Perchance, real facts would provide the basis for abandoning the fad of labor saving in many lines of effort. If so, much would be done toward the re-establishment of industrial balance and stability. There are many luxury and near-luxury indus-