

Opposed 1

## 6. Leading Retailers Propose a Solution, 1934

Although the number of persons receiving relief under the Federal Emergency Relief Act varies from month to month, the most reliable figures indicate that nearly 18 million individuals are now in that class, a great proportion of whom are, of course, the unemployed and their dependents. To them, however, must be added approximately two million more who are disabled from earning a livelihood: dependent children, widows and aged, disabled veterans, the blind, the sick, those rendered dependent by injury and accident, and the defectives. These are supported by various funds, philanthropies, or in institutions, and are like the major group of 18 million, taking only a small part in the national economy as consumers. The effect of the withdrawal of this large body from the consuming line goes even farther. Their inability to operate as buyers of food diminishes immediate consumption, and therefore has an effect on daily commerce which, in turn, affects the productive industries. So that the longer this body of non-consumers exists, the more it tends to draw new recruits to itself, and the more insecure becomes the footing of those individuals who are still capable of earning and consuming. This means that the man still on the payroll is perpetually conscious of the 20 millions of non-earners whom he may at any moment have to join, and his fear of being swept away from his job acts as a check on his impulse to spend his earnings. On the other side, dividends and profits are also adversely affected, and the high rate of expenditure is checked there. The 20 millions who cannot buy are the central fact of the economic situation. . . .

The wage-earner's natural tendency to spend, which is spurred both by the general standard of living and advertising, is checked whenever he is temporarily out of employment, and whenever he feels insecure in his employment, on account of the hazards which we now analyze:

### 1. Unemployment

Even in normal times a certain number of men and women desiring work are unable to find work. Since 1920 this number has never fallen below a million and a half. From 1927 through 1929 it stood at two million. . . .

. . . It is estimated that in March, 1933, that number was between 12 and 14 million persons.

### 2. Insufficient Wages

No accurate statistics exist under this heading. It is known, however, that even before the depression certain families on the relief rolls were there because the income of the wage-earner in the family was insufficient for the bare necessities of life. This may have been due to the incapacity of the individual to find better paying

From "Retailers Economic Security Plan," Box 21, Papers of the Committee on Economic Security, RG 47, Records of the Social Security Administration, National Archives.

work, or to do the work if he found it; or it may have been due to the payment in the only available jobs of sub-standard wages.

A recent study of Federal Unemployment Relief cases shows that at one time more than 20% of families on relief had one or more wage-earners employed (not on relief work). It is assumed that these cases include part-time work for heads of families and employment of women and children.

### 3. Absence of Wage-Earners from Family

Where parents are separated or divorced, or where there is a widowed mother, the family group often lacks a qualified wage-earner. Of the 4 million 700 thousand widows in the United States in 1930, 82% were forty-five years of age or over.

### 4. Sickness and Disabilities

It is estimated that the average person is disabled for seven days in each year on account of illness. This not only reduces earnings, but if insurance is lacking, diverts expenditures to medical aid and drugs. Serious illness affects approximately one-fourth of the population in a given year, and the sufferers are disabled for periods ranging from a week to permanent disability. The chronically sick are not wanted on payrolls, and even the healthy who suffer a sudden protracted illness may find their jobs taken. The worker who can protect himself by savings and insurance, therefore, wants not only to cover the expenses of his illness but the expenses of the time during which he is hunting for another job.

### 5. Old Age

Old age is a disqualification for work in two unequal ways. There is the definite physical disqualification, through lack of stamina or failure of the faculties; there is the much less definite disqualification resulting from the policy of refusing jobs to the elderly when younger men are available. In 1930 there were 61 million persons over sixty-five years of age, and two-fifths of them were not gainfully employed. It has been estimated that at least one-third of those over sixty-five are dependent or in need.

### 6. Accidents and Injuries

The loss of 280 million working days and 420 million dollars in wages is the annual cost of over a million accidents in industry. Ten million industrial and non-industrial accidents in 1933 resulted in 90,000 deaths and 330,000 permanently disabled persons.

### Summary

As any individual succumbs to one of the hazards noted above, his power of consumption is instantly reduced and in a short time almost completely nullified. Furthermore, he takes with him his dependents. Finally, the existence of these hazards

if a permanent  
certain part of



## ESSAY

In the first essay  
causes of the C  
the second essay  
years of the D  
by unemployed  
industrial unioni

The roots of the  
concept deriv  
reaching imp  
Dealers, prog  
plicity it led  
epochal impl  
the "norm" i  
sumptions) w  
cluded the id  
tried to find  
Americans n  
the logic of t  
practical app

As the c  
nating in the  
lowing the c  
crash or pan  
flected deep  
pressed both  
Opposed to  
which reflec  
advanced th  
firmed the v  
temporary a

Reprinted by

been due to the payment in the

f cases shows that at one time  
e wage-earners employed (not  
de part-time work for heads of

there is a widowed mother, the  
Of the 4 million 700 thousand  
y-five years of age or over.

r seven days in each year on ac-  
t if insurance is lacking, diverts  
ness affects approximately one-  
fferers are disabled for periods  
chronically sick are not wanted  
Iden protracted illness may find  
lself by savings and insurance,  
is illness but the expenses of the

qual ways. There is the definite  
r failure of the faculties; there is  
om the policy of refusing jobs to  
30 there were 6½ million persons  
were not gainfully employed. It  
over sixty-five are dependent or

ion dollars in wages is the annual  
illion industrial and non-industrial  
000 permanently disabled persons.

is noted above, his power of con-  
almost completely nullified. Fur-  
lly, the existence of these hazards

if a permanent threat to the worker, against which he must protect himself; and a certain part of this protection is, again, money withdrawn from consumption.

## ESSAYS

In the first essay, Theodore Rosenof shows how different ways of understanding the causes of the Great Depression yielded a debate over appropriate political solutions. In the second essay, Roy Rosenzweig assesses efforts to rally the unemployed in the early years of the Depression, noting both the organizational and political constraints faced by unemployed workers, and the importance of their experience to the coming of industrial unionism and the welfare state.

### Understanding the Crash

THEODORE ROSENOF

The roots of the debate over recovery centered on the concept of economic maturity, a concept derived from an analysis of America's economic past, a concept with far-reaching implications for America's economic future. Espoused by various New Dealers, progressives, and radicals, it led squarely to the purchasing power thesis. Implicitly it led beyond: radicals saw it as a basis for a new economic "system." Its epochal implications were sharply rejected by conservatives. The key departure from the "norm" in their view (based upon classical economy and confidence thesis assumptions) was the New Deal itself. Further concepts developed in this context included the idea of "artificial prosperity" and the idea that Americans historically had tried to find "easy" ways out of their hard dilemmas. The question posed was, would Americans now truly confront or again try to escape from their problems? In terms of the logic of those who espoused the mature economy theme (if not in terms of their practical applications), the time had now come at last for just such a confrontation.

As the depression persisted through the years, as times became worse—culminating in the crisis of 1933—rather than better, the optimism of the first months following the crash gave way among some to a view that the depression was no mere crash or panic, that it marked an epochal stage in the history of capitalism, that it reflected deep-seated and organic changes in the economic order. This view was expressed both in economic theory and in the economic thinking of political leaders. Opposed to this view, which reflected the pessimism of the time, was a second, which reflected the pertinacity of the time. As economists and politicians of the left advanced the economic maturity thesis, economists and politicians of the right reaffirmed the verities of classical theory, steadfastly arguing that the downturn was but temporary and that its severity was due to factors external to the system itself.

Reprinted by permission of the author.