

The reasons which are usually advanced in opposition to unemployment insurance are that wages are already high enough to enable the wage earners to tide over a period of unemployment; that it may make the workers less afraid of losing their jobs and consequently less energetic; that it will tend to decrease saving; that it will be too costly for the employer; or that it is too hard to administer. In reply to these objections, the writer says that although average wages show some advancement over pre-war rates, the average yearly wages now paid in the manufacturing industries are only \$1,265, which is a bare subsistence wage for families with two dependent children and, further, that as this figure is an average, about half the workers in this group receive less than this amount. The fear of losing a job through inefficiency may act as an incentive, but fear of an unexpected and unmerited lay-off may have the opposite effect and may foster a belief in the necessity for prolonging the job. As to the objection that unemployment insurance may tend to diminish savings, even savings, it is said, can be purchased too dearly.

The cost of unemployment insurance, where it is actually in effect, is said to be surprisingly small, and compared with the cost of labour turn-over it may even be found that unemployment insurance would actually represent a saving. It is admitted that there are difficulties in the administration of unemployment relief, but the writer considers that it is probably no more difficult to administer than other management features.

In any scheme of unemployment relief, measures to regularize employment are important, since it is better to reduce unemployment than to pay for it. The principal measures taken by this firm to insure steady employment are long-range stock-goods planning; getting seasonal special orders in early; adding stock items to supplement special products; developing lines for supplementary seasons; training operatives for supplementary jobs; and watching the cycle and limiting expansion at its peak. As these methods sometimes fail the company has assumed the responsibility of paying for temporary unemployment on the ground that the opportunity to reduce unemployment rests largely with the employer. There is no guaranty on the part of the firm, however, in the establishment of the unemployment fund, of employment or of the maintenance of the regular wage rate, or that the fund will be renewed.

As I said before, the Dennison Company had the most seasonal employment of any type of company, and now it has reduced unemployment to a point where it can carry all of its unemployment except for a little relief.

I would like also to quote from a statement made by Mr. Charles M. Schwab, who in an address on the occasion of his retirement from the Presidency of the American Society of Mechanical Engineers, said in part as follows:

There are reasonable wants of employees which they have a right to see satisfied as far as conditions of industry permit.

I believe they include the payment of fair wages for efficient services; *steady, uninterrupted employment*; safe-guarding of their lives and health, good physical working conditions; a voice in the regulation of conditions under which they work; provision for them to lay up savings and to become partners in the business through stock ownership; and finally, some guarantee of financial independence in old age.

The records of our own company illustrate the substantial progress which has been made in reducing those peaks and valleys. Whereas the high and low points of employment a few years ago fluctuated 50 per cent from the average, during the following years these fluctuations were

[Mr. Howard T. Falk.]