

MODERN MECHANIZATION AND ITS

three and a half years of abnormal depression, itself certainly due mainly to other causes.

It is well to keep clearly in mind what happens when a new machine enables, say, 30 men to do what 70 did before. The 40 are for the time of course displaced. But the economy made is spread in payment to those who make the machine, perhaps in higher wages to the 30 who remain, in increased dividends, in a reduction in price to the consumer. In every case the result is to increase purchasing power, which means a greater demand employing labour in other directions. The normal result should be that in the end as much labour is spent on making more goods and the average of wealth is increased. That is how the system should work, and on the whole used to work, though there was of course a time-lag, and transitional employment with individual hardship (which might in equity be partly compensated for out of the economies).

But for some time now, and not only during the depression, this system has been working less satisfactorily. Some very significant figures have been published by the American Labour Bureau. In 1923 there were about 1 million unemployed. By 1927 there had been a decline of 1,200,000 employed in manufacture, mining, and other ways, and a