Unemployment and overproduction: Workers unemployed and starving because they produce too much: the cause and the remedy

Arnold Petersen

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Unemployment and "Overproduction"

Workers unemployed and starving because they produce too much. The cause and remedy.

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Printed in the United States of America
UNEMPLOYMENT AND
"OVERPRODUCTION."

Out of work! Willing and able, a strong body needing sustenance, a family to feed and shelter, a world of plenty — but no work! And no work, no income, except for the idle rich.

Such is the plight of millions of Americans today. In the richest land in the world four million or more useful and willing workers walk with heavy tread in search of a job. Carlyle said:

Behold us here, so many thousands, millions, and increasing at the rate of fifty every hour. We are right willing and able to work; and on the Planet Earth is plenty of work and wages for a million times as many. We ask, if you mean to lead us towards work....? Or if you declare that you cannot lead us? And expect that we are to remain quietly unled, and in a composed manner perish of starvation? What is it you expect of us? What is it you mean to do with us?
Starving in the midst of plenty—what a tragedy, and what an insane contradiction!

We must ask ourselves: Why this tragedy? Why this contradiction?

**Tool-Using Society.**

Modern society is a complex affair. Cause and effect have so acted and reacted on one another that the simplest processes have become mystifying. We must get back to simple first principles in order to understand our present difficulties.

The primary purpose of all endeavor on this earth of ours is to sustain life. If we visualize a simple society, the process is quite simple: here is land; here are simple tools; here are so many willing hands; each individual is fitted for such and such a task; therefore, to each is assigned the task for which he is particularly fitted. If the fashioning of a tool is essential to all, if the tilling of the soil is equally essential, if the building of houses, the making of clothes and the rearing of children are equally so, it follows that none is "better" than any other,
that each is entitled to as much as any other, provided the expenditure of energy of each is in proportion to the need of this society, i.e., sufficient to sustain life for the community as a whole.

Now if the maker of tools (who could not live except through the efforts of his fellow-workers, and to whom he therefore owes his life, as they in turn are indebted to him) improves on the tools and implements, making it possible to double the yield of the earth, what happens? Simply this: everybody enjoys twice as much of the good things of life as before. And if this improvement in the tools were to go on to the point where more was produced than the community could consume, what would then happen? Common sense would dictate a shortening of the labor day, giving more leisure to all, with a proportionate increase in happiness and well-being.

**Labor-Saving Means Labor Displacing.**

All this seems very simple in our simple society. But while in our
modern society essentially the same needs are to be satisfied, and while there are differentiated labor processes to fulfil these needs, the working out of our problems is quite different. Plants, mills, factories are humming, turning out certain products—food, textiles, building materials, etc., etc.—required to satisfy the manifold needs of society. John Jones works in a textile mill. He discovers a way of doubling the output (by improving the looms). What happens now? Since twice as much can now be turned out by this particular mill, the owner decides that he needs only half of his labor force, and turns the "superfluous" number out on the street, possibly including John Jones, the inventor, himself. And what happens in the textile mill happens in every other mill, mine and factory.

So that in the first instance increased productivity meant better times for everybody, whereas in the second instance it meant hard times for everybody. Yes, everybody, for those who were turned out are not the only sufferers. Since there now are more men on the market than
are needed, those on the outside will compete against those on the inside, with the result that in order to hold their jobs, those on the inside will accept a lower wage than before, or consent to work longer hours than before.

**Hungry Because There Is Too Much.**

To put it in another way: *Because the workers have produced too much they must suffer starvation and want.* Too much? Too much for their own needs? That sounds absurd — and it is absurd. Still, they have produced too much. Their boss will tell them so, and every capitalist newspaper in the land will tell them likewise. But if they have not produced too much for their own needs, they must have produced too much for someone else’s needs. Aye, there’s the rub!

Production is not the simple affair we pictured to ourselves in the supposititious case of each working for all, and all for each. The things that we need for the production of life’s necessities — the land, the
mines, the mills, the factories and all the plants of production—are owned by private individuals, who operate them for their private profit. And in this fact lies the cause of all our modern social troubles, including the unemployment problem. We often hear the expression: I am not in business for love. And that is the truth. Everyone in business is in it for the money he can get out of it. If by running his industries at full speed the capitalist can make large profits, at full speed he will run them. If business is "bad," he will run them at half speed, and if business is no good at all, if he cannot find a profitable market for his output, the capitalist will shut down his plants, and throw his workers out of employment and let them shift for themselves as best they may. For while the capitalist as an individual may be as human and considerate as any of his fellow-humans, as a capitalist, as a member of the capitalist class, and acting in accord with the ruling interests of that class, he is utterly indifferent to the fate of his workers once he has closed the factory gates against them—and, in—
deed, he concerns himself little about them even while he keeps them employed, except to see that they are on the job on time, and all the time he pays them wages.

**Private Ownership the Cause.**

By reason of our present social system the modern capitalist has unlimited control over the fate of the thousands of workers in his employ. By a stroke of the pen he can plunge thousands of human beings into abject misery. His power in this respect is far greater than that exercised by the autocratic kings and barons of the past. And it is a power far more sinister and terrifying, since in the final analysis the wielder of the power is as helpless as the unfortunate victims—helpless, that is, under the present social arrangement. And what, in brief, is the nature of that arrangement? What is the exact relation between employer and employe, between the owning, that is the capitalist class, and the exploited, the working class?
Labor Power a Commodity.

The relation between them is that of buyer and seller. What is it that the worker sells and which the employer buys? The worker has only one thing that he can sell and that is his labor power, i.e., his ability to perform a certain productive function which is of use to the employer. The fact of this buying and selling process is emphasized by the recognition of this additional fact, that there is in existence a labor market. A market is a place where things are bought and sold, and obviously in the labor market nothing is sold except labor power which, of course, in effect means that the working man and working woman are classed by the employers as a commodity alongside other commodities in their respective markets. Upon what terms is labor power bought and sold? Upon the identical terms that govern the purchase and sale of other commodities. If the commodity labor power is plentiful and if the demand is limited, labor power will command a
low price. If the reverse condition exists, labor power will command a higher price. In the long run, however, the tendency is for labor power to sell for just about as much as it requires to maintain and reproduce that labor power, which, in plain every-day language, means for about as much food, shelter and clothing as is required by a certain kind of labor power. There is, with the commodity labor power, a considerable waste of that power for the reason that under fully developed capitalism there is invariably a greater supply of labor power than the need of the employing class calls for. That means that at all times thousands of workers are either out of work or partially employed, with a condition of semi-starvation, or complete starvation and death, going on all the time.

So-Called Overproduction.

And this brings us to one of the differences between the commodity labor power and other commodities. When there is an oversupply of other commodities usually production is curtailed in these commodi-
ties. Or, as sometimes happens, the surplus commodity in the particular market is destroyed. Obviously, there can be no curtailing of the commodity labor power, and it is still considered illegal to kill off the surplus stock of labor power—except by setting the war machinery in motion. Otherwise, in all other essential respects, labor power is treated exactly as any other commodity.

We have already seen how improved machinery displaces labor—that is, throws men out of work, and, by increasing the competition for the jobs, lowers wages and subjects the jobless to starvation. But why cannot the capitalists continue with all his workers at work, and double or treble his output, as the case may be? The answer is that he may do that, but that as a rule he cannot do it because he is producing for a market. It is estimated that for every dollar's worth of wealth produced by the worker he receives in the shape of wages about twenty cents or approximately one-fifth of what he has produced. The remaining four-fifths (outside that portion consumed by the capitalists) must be
disposed of by the employing class. To that end foreign markets are sought. But every country is in search of foreign markets, and periods occur as regularly almost as clockwork when the foreign markets cannot absorb any more goods. Hence, these goods pile up in the warehouses, and bearing in mind that the capitalist is in business, not for love, but for profit only, he soon closes down his plants and we have the age-old acute unemployment question. Since these unemployment periods spring from the very nature of capitalism, it follows that there is not and cannot be found any solution within the limits of the capitalist system. Starting public building operations is no solution; it is like advising someone to raise himself by his own bootstraps. While such efforts may bring temporary relief, the relief is insignificant, and necessarily of a limited duration. There is nothing to be done except await the time when the market is again in a shape to absorb the "surplus products." Meanwhile the workers starve. The wisest men of capitalism can offer no advice to the starving workers. When
the late President Taft (who subsequently became Chief Justice of the U. S. Supreme Court) was asked what a worker should do who was willing to work, but could find no work, his answer was: "God knows!"

Periodical Crises.

These periods of depression (as they are called) come closer and closer together. In recent years they have come about seven years apart. In 1907 there was such a depression when thousands starved, and banks went crashing. In 1914 the depression was fierce, and unemployment was worse than any time within memory. That depression was world wide, and finally resulted in the crash known as the World War. In 1920-21 we had another depression —this time blamed on the war as an after-effect. Having recovered, the country has enjoyed a sort of mythical "prosperity" (prosperity for the employing class) which now is culminating in what promises to become one of the worst periods of depression and unemployment. And, just as in 1914, there are "wars and rumors
of wars," and rumbling of thunder on the horizon.

When Markets Go Dead.

The time is fast approaching when there will be not even a temporary relief for the reason that "the foreign market" is gradually being eliminated. That is to say, that in the measure that foreign markets are invaded, they become in turn producers of goods themselves, and in due time they too will seek an outlet. There is obviously a limit to foreign markets. Let us cast a glance backward, and see how this foreign market development has taken place. We say roughly that England has in 300 years or so developed to its present position, and that in that time it has invaded almost every corner of the earth. In doing so it has planted the seed of capitalism everywhere, the United States included. But while it took England somewhat over 300 years to develop to its present strength and magnitude as a capitalist country, it has taken the United States but a little over 150 years. Germany has required but a little
manently, with the further result that there will be millions of unemployed at all times in all the countries the world over.

Capitalism at a Deadlock.

AND FOR THAT PROBLEM CAPITALISM KNOWS NO SOLUTION.

There is no prophecy involved in this connection. The conclusions drawn from the facts stated above are as inescapable as the conclusions arrived at by astronomers in forecasting eclipses and the arrival of comets, with the difference only that the astronomer can tell the exact hour while we can merely say that the breakdown of capitalist society is a question of a short time only, but in any event as inevitable as the eclipse or the comet.

The fear of unemployment dogs the weary steps of the worker, from early life to the grave. Often he lives in hope of escape, but more often he accepts his fate, knowing not what to do. The workers are the chief sufferers under capitalism. Though producing all the social
### 15 Situations Wanted—Male

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<tr>
<th>MAN</th>
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<tr>
<td>Able-bodied, 50, has sick wife and child on verge of starvation. Home broken up and family in need of shoes. Wants to be given a chance. Box 10149 Post.</td>
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<th>MEAT CUTTER</th>
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<tr>
<td>Has wife and two children. Must have some kind of work to provide food and shelter for family. Out of work since Dec. 15. Box 10206 Post.</td>
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<th>BODY BUILDER</th>
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<tr>
<td>Ex-service man, has wife and three small children as dependents. Will be grateful for any kind of work to feed the hungry babies. Box 10116 Post.</td>
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<th>UPHOLSTERER</th>
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<tr>
<td>Has a sick wife and six small children to support. Back in rent and other honest bills. Don’t ask for charity; just want to be given a chance. Will do anything. Box 10160 Post.</td>
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<th>SAVING MACHINE ADJUSTERS</th>
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<tr>
<td>Has wife and family to support. Lost last position because of illness. Will do anything in order to be able to pay the rent and buy food for family. Box 10155 Post.</td>
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<td>17 years. Deserted. All my earnings gone. Don’t know what to do.</td>
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From the *Baltimore Post*, February 5, 1929
over 75 years and Japan scarcely more than 50 years. Fifty years ago Japan was practically a feudal coun-
try and yet it is now one of the three or four most powerful capitalist na-
tions in existence. It will be noted that these countries develop faster the more capitalist countries there are to assist in the development — which is natural and understandable. China is in convulsions because all the great capitalist nations have been and are invading her as a "foreign market." But the time is close at hand when China will settle down and commence to produce for her own as well as for "the foreign mar-
ket." Considering China's teeming millions it requires no great imagina-
tion to visualize the effect on world capitalism. There being no more "foreign markets" to speak of (in the sense of undeveloped and largely consuming markets), and all coun-
tries producing goods with the high-
est technique of capitalism, it fol-
lows that there will be a permanent "surplus" in the warehouses at home, which in turn means that many plants will have to shut down for longer and longer periods, or per-
SPANISH-AMERICAN WAR VETERAN—Need job. Wife and infant child. Can do anything to provide food for family. Box 10149.

EX-SERVICE MAN—Lost job on account of religion; wants to do anything. Box 10132.

SALESMAN—Aged 32, with five children. Will work at anything. Box 10181.

MAY, single booted, capable of work. Will do anything. Box 10180.

From the Baltimore Post, February 8, 1929
wealth, they are bereft of property worth mention. Certainly they do not own the means to which they must have access in order to live. The working class, therefore, is the only class in society which has no material interest in preserving the present social system. It is the only class which, as a class, has anything to gain by abolishing this social system. But to effect the change that will insure to the workers the full product of their toil, which will forever put an end to unemployment, and the haunting fear of want—to effect this change, the workers must organize in their capacity of producers. They must organize as industrial workers in order to run the industries for their own needs, instead of for the private profit of capitalist employers. Thus organized, the workers will be able to meet the collapse of capitalism without fear of chaos.

The Social Revolution.

This is the program of the Socialist Labor Party. We invite you to study this program closer. Test it.
in all its bearings. Discuss the unemployment and related problems with us. If you are satisfied that we are right, vote our ticket and support our work in any other way consistent with your means. And if you want more information about the Socialist Labor Party and its principles, write to us.

The question of unemployment is seen to be merely a phase of the great modern social question. Ponder it well, you workers who have produced so many houses, shoes and clothes, so much food and other necessities of life that you must now go without food, shelter and clothing. And ponder it well also, you workers who still have a job. For you do not know how long you may have one. And, finally, place no trust in politicians, whose only aim is to use you as stepping stones to office where they are placed to serve the interests of your masters. Have faith in yourselves and in your own organized power.

Industrially organized, and with unwavering self-reliance, the world and its bounty shall be yours.
APPENDIX.

I.

Machinery and Unemployment.

Mr. Babson Says.

[Babson is recognized by capitalists as an authority on the economics of capitalism. When he utters warnings to his clients, the top-capitalists, they are usually heeded. The following observations by him appeared in a recent article in Collier's. Needless to say, Mr. Babson does not advocate the remedy proposed in this pamphlet, and his suggestion that the trouble lies in underconsumption, that is, that we are unable to consume all we produce, is monstrous considering the widespread starvation and misery even in so-called good times. Mr. Babson advocates, in effect, an extension and intensification of the cause of unemployment,
viz., capitalism, as a cure for it! The fact, however, that he is a recognized opponent of Socialism and a staunch upholder of capitalism renders his observations significant.

—Arnold Petersen.

Our present troubles started not in 1929, but in 1770, the birthday of the famed industrial revolution. The change from goods made at home, by hand, to goods made in factories, by power machinery, was a revolution of cyclonic intensity. It whirled the world in a sling. It began with the invention of the steam engine.

Mass production is manless manufacturing. Instead of seven thousand men, a certain job requires only seventy men when handled by modern methods. Those figures are not figurative but actual. The most startling output of machinery is its putout of men.

Whenever you see a steam-shovel digging for the foundations of a skyscraper you will always notice that the pit is rimmed with a crowd of idlers watching the machine at work—they are symbolic! In an industry such as automobile manufacturing
the developments of ten years have reduced the labor requirements for a given production from a hundred workers to about twenty-five workers. In various other industries production in the last few years has been stepped up fifty per cent, or one hundred per cent, while simultaneously labor has been pared down about ten per cent. For production as a whole a rough estimate of unit output is as follows: twenty-five years ago, one hundred men; today, seventy-five men; twenty-five years hence, fifty men—

To balance this gigantic mass production have we matched it with proportionate mass consumption? No! This is the root of these economic woes—

Compared with our production, our development of consumption is so puny, dwarfed and no account that words cannot be found trilling enough to express its utter insignificance and inadequacy. Our accomplishments in consumption are such dire failures that the counsel of despair has tempted us into thoughts of throttling production. Except possibly as a temporary makeshift here
and there, or now and then, curtailment of production is but an economic hunger strike, faulty in concept, fatal in practice.

The artificial strangling of production—save as an emergency move of opportunism—would be an insult to the achievements of the creative pioneers of the world. Mass production is the ladder whereupon the modern world—and especially our own nation—has risen. Nothing could be more stupid, short-sighted and disastrous than to try to boot down the ladder up which we have climbed. We need it for continued scaling of further heights.....

The immediate and temporary impact of a new invention crushes those who stand in its path. If you are thinking only of today, the employment of machines creates unemployment of men, with a proportionate drop in the purchasing power of the public. This is true of cement-mixers and turret-lathes; and it is equally true of that most subtle of machines—the merger.

—From Collier's, Nov. 15, 1930.
But Capitalism Cannot Solve the Unemployment Problem.

We are fast approaching the time when business must solve the unemployment problem if it wishes to endure. Unemployment has been the chief attacker of the capitalistic system and it will overthrow that system unless its problems are remedied.—John R. Commons, University of Wisconsin professor and authority on economics, October 7, 1930. (Wisconsin News, October 8, 1930.)

Unemployment.

The progress of unemployment has been so great in the last year that it was impossible even for the government to keep up the fiction that it was not serious, that not more than two to three million persons were affected, scarcely more than the normal. Though everybody knew that unemployment statistics were being juggled, it was somewhat of a sensation nevertheless when Professor Charles E. Persons quit his job in the Census Bureau with the public statement that the administration officials were juggling fig-
ures, picking areas, using hair-splitting definitions, limiting the count and ignoring those laid off indefinitely, thus arriving at the preposterous estimate of between two and three millions unemployed when the figure was actually no less than 50,000,000.

Shortly after this, Dr. William M. Steuart, director of the Census Bureau, practically admitted that the unemployment figures were much larger than the experts of his department had estimated them to be. He stated that "some days" the number may actually be from 7,000,000 to 9,000,000. His own analysis of the population would, however, place the actually unemployed, taking year by year, still higher than that. After having eliminated from the 122,000,000, national population, the children, aged and infirm, the women who are mere housekeepers and the people who live on incomes from stocks and bonds, he reduces the actual working population to "about 47,000,000 people working about three-fourths of the time." That, as any fifth-grade child may figure out, would give us by large
and main considerably over 11,000,-
000 actually unemployed every day
in the average year, reducing the
supporting props of society to some
35,000,000 odd.—Washington (D.
C.) Post, November 9, 1930.

II.
The March of the Machine.
Some Recent Evidence.

In the building industry especially
have labor-saving devices made
spectacular advances. The trench-
ing machine, the gasoline crane, the
bucket-conveyor and other devices
have gone far to make construction
a machine industry instead of a col-
lection of hand trades. One gaso-
line crane takes the place of ten or
twelve laborers. The hod-carrier has
disappeared before the invasion of
the material hoist. In concrete con-
struction building materials are
mixed, like dough, in a machine and
literally poured into place without
the touch of a human hand. The
Ohio figures record these results:
with 15 per cent fewer men employed, contractors put up 11 per cent more square feet of finished buildings last year than in 1923.

A new ditch-digging machine does the work of one hundred men and a cement-mixer used on highways and large buildings takes a truckload on a shovel.

Three televoxes are used by the government at Washington, D. C., to regulate the flow of water from the reservoir that supplies the Capitol. Every half-hour the city engineer "calls" these iron men to ascertain the level of the water in the reservoir. There is one "man" at each reservoir. The three televoxes have displaced six men, reducing the expenses to the government about $900 a month.

Coal mining, popularly thought of as a highly skilled manual trade, is fast being transformed into factory routine. Already 71 per cent of American bituminous coal is mined by machinery. The coal companies could dig a year's supply of bitum-
nous coal today with only a little over one-half the labor it would have re-
quired in 1890.

Steel companies can produce al-
most three times as much pig iron
today as they did in 1904 with the
same crew of men. In the past four
years their output has grown 8 per
cent with 9 per cent less labor.

L. R. Smith, manufacturer of au-
tomobile frames, says of his factory,
"We started out to build 7,200
frames a day with 180 men. We can
now build 8,000 frames a day with
120 men."

It is estimated that 45,000 har-
vesting and threshing machines have
replaced more than 180,000 high-
priced workers on American farms.

Berry picking used to be an occu-
pation by which families, from the
oldest to the youngest, were able to
make a few seasonable dollars. Take
cranberries, for example. A skilled
hand-picker paid by the box is said
to have been able to earn as much
as fifteen dollars per day, but now
31
a machine has invaded cranberry picking. It is operated by gasoline and has two rows of curved teeth on a revolving cylinder. It can do the work of ten men with scoops. It picks a bushel of cranberries in forty-five seconds and covers from two and a half to three acres a day.

A story in the Country Gentleman of May, 1929, tells that one man with a three-plough tractor outfit can grow 800 acres; a man with a four-plough tractor and implements scaled to fit can grow 1,100 acres; with a six-plough tractor, 1,800 acres.

Even the fisherman is being thrown up on dry land by machinery. A new hydraulic fishing boat sucks both water and fish by means of a pump on to the deck of the boat. A frame netting allows the water to run off, leaving the fish trapped on the deck.

In my opinion, almost every article sold in a package can be sold through an automatic slot machine. It is a mere matter of alteration of
the internal racks for any particular model to be used for almost any article of merchandise that is sold in packages. It is not at all improbable that a time will come when stores will be operated without a single clerk.

—John B. Smiley, president Remington Arms Co.

In respect to railroad transportation it is shown that while 1,915,000 workers produced $4,721,000,000 in revenue in 1919, 1,744,000 turned out $5,602,000,000 in 1925. In other words, while the carriers had 171,000 less workers their receipts went up $881,000,000. The Class 1 railroads in October, 1927, employed 13 per cent fewer men than the average of 1923.

A new billing machine used by large corporations does the work of sixteen persons.

A car washing machine, which was installed recently in London depots, does away with the services of 300 men. The vertical spray pipes are mechanically drawn past the car and
as they pass they spray water on all its parts.

**SUMMARY.**

Through the marvels of modern machinery, only sixty-seven men are now required, on the average, to do what was the work of a hundred twenty-five years ago, according to the National Industrial Conference Board. At this rate forty-five men will be doing the same work in 1950.
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