

DISCUSSION ON THE PROBLEM OF FULL EMPLOYMENT

(On Friday, 27th April, 1945.)

Mr. P. Lynch: Mr. President, Ladies and Gentlemen, I feel very uneasy in opening a debate on a subject like this, a subject on which so much has been spoken and written by experts. It is impossible to discuss the subject without expressing views influenced in large part by the Report of Sir William Beveridge and the British White Paper on Employment Policy. There is no necessity for summarising the general conclusions of these documents, but I do think that we should see how far the principles illustrated in them are applicable to Irish conditions.

Mass unemployment has been a feature of the European and U.S. economic system for the past 25 years and it is reasonable to assume that, without making drastic improvements in that system, unemployment will be a feature in the coming peace. The British White Paper ascribes the cause of unemployment to industrial fluctuations. It can be contended very strongly, however, that those fluctuations are a phenomenon of the complex economies of industrial countries, and that one must look elsewhere in diagnosing the cause of unemployment in this country. Industrial fluctuations have affected us to some extent, but I would suggest that in a country which is so predominantly agricultural as this, it is not so much a matter of industrial fluctuations as of chronic under-investment. In industry, and more so in agriculture, this country's unemployment has been due, not so much to fluctuations in the economy as to under-investment. If we are to accept that proposition, many remedies proposed in the British White Paper are not of very much value for solving our unemployment problem.

The assumptions of the White Paper on Employment Policy are so important that they require reiteration. It is assumed that the national income will increase, that the export trade will expand and that the restrictive practices of Employers and Trade Unions can be controlled. Those three assumptions are also relevant to Irish conditions and unless they can be realised a policy of full employment is unattainable. When one looks at the Irish economy of the past 30 years certain features are very obvious. One is the lack of efficiency in Irish agriculture. Between 1929 and 1939 the increase in agricultural output was, I think, 5 per cent. over the whole period. That, indeed, is a disturbingly low figure when one compares it with what Britain and America achieved in the industrial field, and with the percentage rate of increase which a country like Russia succeeded in realising over the same period. One constantly hears of the lack of capital in agriculture. I find in the Vocational Commission Report a recommendation that Irish agriculture requires £50,000,000 capital. Such a recommendation is obviously justified but, on the other hand, is not the Irish farmer capable of increasing the capital of his holding, to some extent at least, from his own savings? The figures, so far as I know, for the increase of farmers' banking deposits since 1940 are not available, but we are aware, having the Report of the Banking Commission in mind, that the Irish farmer is, in many cases, quite

capable, if he wished, of increasing from his own resources the capital of his own holding. If this is so, is one justified in concluding that, because Irish agriculture is under-capitalised, it is the duty of the State to supply the remedy? Lamartine Yates, writing on French agriculture, says that during the period 1916 to 1940 the agricultural credit system of France was well developed, but, that although French farmers availed to a great extent of the facilities offered by the Agricultural Credit Institution, they did not, proportionate to their borrowings, increase the efficiency of their holdings. The result was that French agriculture found itself over-burdened with debt. That presents a warning to this country. One of the problems which I think should be examined later to-night by speakers who are more qualified than I am to speak on the subject is this dichotomy in Irish agriculture: its lack of capital on the one hand and the apparent potential capacity of the Irish farmer to invest in his holding on the other.

It is quite certain that, without increasing our export trade, we cannot achieve anything like full employment. That, of course, is also related to the problem of efficiency and the third assumption of restrictive practices. It is very unsatisfactory that, in this country, which is so progressive in many fields of research there is such a paucity of information on restrictive practices, both on the part of employers and employees. The question of restrictive practices of Employers and Trade Unions has never been adequately examined or, if it has, the reports of those examinations have never been brought to light. It is fully understandable that there should be restrictive practices on the part of Trade Unions, unless the workers are fairly certain that a state of full employment can be achieved. It is only human that uncertainty as to the future should cause certain restrictions in output—but it is very disturbing when one examines such industries as baking and building and compares the rates of remuneration in those industries in Dublin with the corresponding rates in Belfast and London, where very often the conditions of service are less favourable than in Irish industries. That is a disturbing feature of the Irish economy which, I think, must be examined before we are in a position to achieve full employment.

There is a third point on which, I hope, Dr. Geary will have something to say—the impossibility of planning and adequately developing the resources of this country without the necessary statistics covering every aspect of the national income. Our statistics at present are for many purposes inadequate and we are now facing new and difficult problems. We must be sure of our data, before prescribing treatment. We must know the measure of our equipment before using it for a definite purpose, and unless we have the most comprehensive figures for the national income we can engage only in guesswork. When one is thinking of national resources as a whole, and not merely on the basis of the traditional budget which covers only one-fourth of the country's income, one must have detailed statistics. I ask, then, whether to-night's speakers are satisfied that our existing statistics are adequate for basing a budget on the national resources of the country as a whole.

It is clear that a proper direction of the Irish economy will imply increased State intervention. We have had State intervention in this country, as in other countries, for a great many years. What will be needed to develop a policy of full employment is controlled and

planned State intervention. Unless intervention is co-ordinated in a unified pattern no lasting result can be achieved. How far that planning goes is a matter for the Government, and I have no intention at this stage of engaging on a discussion on the philosophical implications of State intervention. But I do say this: that it is unreal to adopt the attitude of Professor Hoyek who sees in planning the ultimate danger to free institutions. The problem is to reconcile existing planning and whatever additional intervention may be necessary with democratic practice. We must be reasonable and know that unemployment, mass unemployment of a type experienced in Britain and in a somewhat smaller way here between the years 1919 and 1939 is, in itself, our greatest danger to free institutions. And we will have mass unemployment unless we can prevent a failure in demand, to quote the Beveridge terminology. I do think that Beveridge has made a case which cannot be answered, and that the counteraction of failure in demand is a duty which only the Government can fulfil.

Certain other aspects of the British White Paper have been received with considerable criticism. Let us consider a few of them in relation to Ireland. We know that full employment would require very considerable mobility in the factors of production. In Great Britain, one can see that the mobility of labour would require certain interference with labour. In this country I do not think one could possibly contend that ensuring the mobility of labour would result in a very grave disability because mobility of labour has certainly been one of the facts of the Irish economy for a great many years. Irish labour is traditionally mobile. Normally the Irish labourer does not regard it as a grave restriction on his liberty to travel from West to East and even further in search of work. The observations of the White Paper on the location of Industry are of special interest to this country where, for a great many years, an attempt has been made to locate industries precisely in the manner recommended by the White Paper. In this connection one must refer to what plans the Government have for dealing with employment in the post-war era. Two of these plans are important, indeed, and compare very well with the corresponding schemes that the British and American Governments have so far offered. They provide evidence that there are some practical proposals for the future employment of our resources. The rural electrification and the post-war building schemes would seem to lend themselves quite considerably towards purposive direction on the part of the Government. The possibilities of rural electrification can easily be visualised. Countries which, like Russia, have within the past 30 years emerged out of feudalism and decided to industrialise themselves, have relied to a very great extent on electricity. There can be no doubt of what electricity has contributed to the greatness of these countries. It displays very considerable vision indeed that we are electrifying our rural areas.

According as we electrify our countryside the flight from the land will become more evident. That movement has continued for so long that one can assume that it is going to continue in the future. It can be taken as an indication of the increase in the efficiency of our agricultural system. The more efficient our agriculture becomes, the less people there will be on the land. That trend is not a bad thing, I suggest. Taken in conjunction with the development of our rural electrification, it may benefit the welfare of the community as

a whole. We can foresee the setting up of ancillary industries in the towns that can absorb the people who come from the land. Large scale electrification will inevitably produce many subsidiary industries if we do our business properly. There are so many potentialities that we can really say that we have something big industrially in electricity, something which will improve the land and give employment to those who are drifting to the towns. When we contemplate the subsidiary by-products which electrification requires, I think we can see something which will provide, in a very large measure, a means of achieving a considerably high level of employment in Ireland.

In conclusion, Mr. President, one perhaps should refer to budgetary policy, but there are people here much more qualified than I am to speak on that subject. I think it is the duty of the opening speaker merely to introduce a number of points and, if possible, to provoke future speakers, but I do think the time is certainly at hand when we in this country must discard, once and for all, budgetary assumptions which are no longer relevant. The time has come for accepting the Keynesian analysis of the economic system. I should like then, in conclusion, to provoke future speakers to speak on the two-budget system, the possibility of its application in this country, and the advantages of budgeting on the national income as a whole and not on one-quarter of it.

Mr. J. P. Colbert: Mr. President, Ladies and Gentlemen, taking the subject posed for discussion—"The Problem of Full Employment"—as not necessarily referring specially to this country, one naturally thinks of the recent White Paper setting out the views of the British Government, and Sir William Beveridge's "Full Employment in a Free Society"; which comments critically on that Paper. On reading the White Paper it seemed to me that it was the product of several minds representing, broadly, three different lines of approach to the problem, being in the nature of a compromise between the three: (1) the forthright approach that it is the duty of the State to take all necessary steps to see to it that there are at all times sufficient jobs for all the workers; (2) the approach based on the idea that modern monetary science—particularly represented by the Keynesian group of theories relating to the Economic Cycle—can provide a technique capable of so ordering the prime economic stimuli that full employment can be provided without undue social regimentation; and (3) the approach represented by what has been called the "dead hand of the Treasury"—meaning a questioning as regards its practicability from the point of view of the size of the Budget expenditure involved.

Initially, one has to query: What constitutes full employment? The concept might vary considerably in accordance with ideas regarding, e.g., pensionable age of workers, school-leaving age, employment of females and juveniles, hours of work, holidays, manpower required for national defence, etc. These are social problems; somebody has remarked—pushing the argument to the extreme—"there is no unemployment in Sing-Sing".

The White Paper, as it seems to me, appears to treat the problem of Full Employment as a matter of monetary technique mainly, rather than one of social compulsion, though a degree of social "impulsion" is considered necessary, including "full mobility of

labour". The basic principle laid down is that Full Employment depends essentially on the maintenance of what is called "total expenditure". The constituent parts of total expenditure are segregated as (a) private expenditure on consumption goods; (b) public expenditure on current services; (c) private investment expenditure; (d) public investment expenditure; and (e) the foreign balance, i.e., difference between exports and imports (which might be "positive" or "negative").

As regards (a), this is regarded by the White Paper as "perhaps the element least liable to sudden and spontaneous variation". As regards (b) and (d), it is considered that effective action on a nationally-planned basis can be taken to offset variations in (c) which, together with (e), are regarded as being both the most unstable factors in the problem and those least susceptible of control. In regard to (c) the suggestion is thrown out that the rate of private investment can be seriously influenced by changes in the rate of interest—though, at the same time, a cheap money policy is envisaged for the reconstruction period. In my humble opinion, the theory that the "factor of the rate of interest" can "regulate the factor of private investment, to make of total supply our total expenditure" is unacceptable. As regards (e), all that can be offered is the possibility of trading agreements with overseas countries, whether omnilateral, multi-lateral or bi-lateral.

One gets the impression from a perusal both of the White Paper and Sir William Beveridge's publication that ideas as to the methods of securing "Full Employment in a Free Society" are still at an embryonic theoretical level. One is not convinced that the terms "Full Employment" and "a Free Society" can be reconciled in practice. In short, I feel that if there is to be "Full Employment" the community will have to face up to a degree of social compulsion comparable with that obtaining in Germany before this war—not necessarily equivalent to that of Communist Russia, but certainly greater than that which would be tolerated in these islands before the war.

Commandant J. R. Orpen: I hardly expected to be called on at so early a stage in the proceedings, and what I would like to draw attention to is one very interesting suggestion which was thrown out by the opening speaker in refutation of some of Hoyek's writings in which he said that surely mass unemployment was a far greater evil and compulsion on people than was entailed in any form of planned economy. That, I think, should be fairly obvious, but in this country it does not seem to be properly brought home to the people. After all, it is not so very long ago, I think, since Mr. Lemass stated in the Dáil that there were something like 6,000 unemployed young men who were refused unemployment benefit in Dublin because they declined to join the Construction Corps. It may seem a very obstructive attitude to take, but I think it is a very proper attitude. If we are going to attain any degree of full employment, we have got to face up to compulsion of that sort. I think it is a far lesser evil than mass unemployment which seems to me compulsion of the most unpleasant order. If that point is agreed to, the next thing to realise is, I think, that we have got to have after the emergency in this country a very rigid system of priority in work that is carried out. The building programme put out by the Government, which, by the

way, I think is miscalled a programme—so far as I can make out from reading it it is merely a summary of the possible programmes of individual firms or architects, local bodies and public bodies and the Government itself—is only just an addition of the moneys that all these individual bodies hope to spend in the immediate post-war years. I think that the Government has got to set down and impose a very rigid control of the order in which those works are undertaken. There is obviously no point in indulging in a vast immediate housing programme which a lot of people have been shouting for in this country, if the people who are going to live in these houses cannot afford to pay the necessary rent. You go and ask any man or any woman whether they would rather have a job or a house and they will say they would rather have a job. If they have got a job they have got money and they can spend the money on what they require—they can buy food and clothing. I am saying a job rather than a house—and presume they could not get a house—they could get at least food and clothing and a room or half a room. They would rather have that than a room or a flat and no job, nothing to eat, a high rent and inadequate clothing. A lot of people seem to have got the wrong end of the stick as to this matter of building. It seems far more important to concentrate on the means of producing work that is going to give further work and, in that way, is going to raise the national income. Then you have people who can afford houses and then we can build houses.

In some of the accounts which I have read by the British M.Ps. who went to Russia recently, there were descriptions of some of the devastated cities in Russia where workers were still living in holes dug in the ground and in caves in the hillside and had made no attempt to rebuild their homes, but had rebuilt their factories and were running their factories and were getting on with production. Admittedly a lot of that was compulsion due to the war and the Russian Government, presumably, had to have the necessary war materials. But it represented the right idea, and in the reports of the British M.Ps. they stressed that the workers realised that it was the right idea. The important thing was the means of production rather than to build homes and such things which are concomitant of a high standard of living which you cannot have until you get into a position where you can achieve that standard of living.

Mr. F. C. King: In speaking here to-night I do not intend to dilate on the more theoretical aspects of the case as I do not feel competent to do so in the time at my disposal. I shall confine myself entirely to the question, not of unemployment at large, but to unemployment in this country, and I am afraid that I shall simply have to state my views on it without making any attempt to give a reasoned argument. Briefly, the problem is that we are living in a country which has a rather self-sufficient economy, a country which can supply the food and the necessities of life for its population with a fraction of its total labour force. If we are content merely with the necessities of life, sufficient food to live on, there will be a large surplus of employable labour over, and we have got the choice how we shall use that surplus. We may, as is being done to some extent at present, leave it unemployed, or we may use it in unproductive work or work of low productive value. If we do that, we shall not add much to our wealth and we shall do very little to increase our standard of

living. Or, and this I think is the true solution of our unemployment problem, we may devote that surplus to developing our export trade, having first of all fully developed our own resources and supplied our needs and necessities as far as we can from our own resources. But before we can devote our energies to external trade or do so with any prospect of success, we must acquire markets, and that is the real crux of the problem, a crux for which no five minute solution can be given. But I think that it might be a useful contribution to the discussion if I indicated just two obstacles which seem to me to be very important and which must, undoubtedly, be overcome if we are to succeed in capturing markets and developing our export trade. The first obstacle is indiscriminate protection which we have applied to our industries. It is very right that we should endeavour to protect and foster our own industries, but we must learn that we can't protect and foster all of them. We must select those which are most profitable to the community as a whole and concentrate on them, and let the others take their chance. We cannot afford the cost of protecting unprofitable industries, unless there is some very strong reason of national security to justify it. The cost would be too great a handicap to us in our fight for foreign markets. That, I think, has been one great obstacle in overcoming the problem of unemployment. The second obstacle, and one which has already been touched on, is the question of security—social security. Security has become a craze, both capital and labour seek it. Capital seeks to secure its profits by restrictive measures of all kinds, monopolies, tariffs, quotas, and so on. In seeking security it very often seems for a time as if all goes well and then restrictions cut down trade and security is lost. Labour also seeks security—high wages, guaranteed employment, short hours and an easy time generally. Now, I think it is an axiom of trade that you must adventure if you wish to succeed. That is how foreign trade has always been built up. Not only must capital adventure but labour also. Labour and capital have both got to go into this battle and take the risks of battle. They must risk comfort and security in order to win comfort and security. We cannot have all kinds of trade union rules on the labour side and all sorts of monopolies on the capital side if we are going to make any headway. It will be urged that labour cannot afford to forgo its rights, its inherent rights, that it should struggle for good living and good returns for its labour and, undoubtedly, if capital is to remain the master and labour the servant, that is a true answer. But what I envisage is a solution by which there should be some partnership between capital and labour whereby they can both fairly share the profits and the loss and neither of them stand to gain all or lose all.

Feudalism has vanished from our agriculture but it still lingers in industry. We are an original and imaginative people. Can we not devise a system whereby, instead of uniting labour and capital in a common servitude of State socialism, the relationship of lord and serf, master and man will be replaced by a free partnership of capital and labour?

Mr. E. R. Richards Orpen: I must say I do admire the temerity of any one prepared to open a discussion on this difficult subject of Full Employment, and I want to congratulate the opener on the skilful way he has left an opportunity for all to enter into the fray

and get rid of the bees in their bonnets. Quite rightly, in my opinion, the opener pointed out that the British White Paper on Full Employment contained almost nothing applicable to this country.

Here conditions are totally different and the basic reason lies in the fact that some 50 per cent. of our occupied population are employed on the land and, as we all know, the *demand for food is highly inelastic*. If, through any means, incomes can be made to rise, the demand for food does not increase proportionally, though, admittedly, the consumers' expenditure on food may increase, yet their rise is not passed back to the primary producer, but is retained for the most part in the assemblage and distributive mechanism. Thus any attempt to base Full Employment on an ever expanding type of economy will be hindered by the relatively inelastic nature of the agricultural part of our economy and if, as in this country, almost half the total occupied population is engaged on the land, the expanding part of the economy must be found in the secondary and tertiary occupations. It must be always kept in mind that nobody eats more food merely because it is cheap or because his income rises, except in so far as actual want existed previously.

In most countries where agriculture has reached a normal stage of development at least two, and in some cases, three earning consumers are required for each food producer. Here in Ireland we have one at home and another outside, mainly, of course, in Great Britain. Many people ask: "Why cannot we follow the example of Denmark and intensify our agricultural produce to that country's pre-war level?" These people seem to forget that, for every food producer in Denmark, there are two earning consumers at home and that country has acquired in addition one and a half consumers outside.

Mr. King has suggested that an expansion in our industrial exports would lead towards Full Employment. If this can be achieved, it is all to the good, but I am afraid that as yet few of our newer industries have reached that stage of efficiency which will allow them to face world competition as, for instance, our agriculture always has to do, and that in consequence any substantial expansion of production can only take place in the realm of primary products.

This will entail: First, finding the willing consumer and basing our expanded agricultural exports on mutual agreement both in regard to quantity and price. If it were possible to increase the number of earning consumers in this country we could then increase our agricultural production and, at the same time, retain that balance in the economic system which now appears to be so essential. As we have said, this balance is reached when there are at least two earner consumers to each food producer. One of the reasons which compelled me to intervene in this discussion was to point out that Full Employment in a predominantly agricultural country could not be solved on lines similar to those applicable to industrial communities. Also, I am convinced that the oft-repeated panacea, suggested for this country, of increased agricultural production will lead to disaster if it is not first preceded by an arrangement for the disposal of the additional produce. In the past it has been the custom to urge farmers to try to increase production regardless of the fact that other interests are involved in the disposal of the goods with the consequent result that, if farmers as a whole respond to the appeal for further effort, they alone suffer in consequence. I do not think

it desirable to try to increase the number employed on the land, though some redistribution of the existing number is undoubtedly necessary.

I do not altogether subscribe to the view that all will be well in the economic field simply by following a scheme of ever expanding economy such as is envisaged in the resolutions arrived at by the Hot Springs Conference.

There, it seems to me, far too much reliance was placed on the assistance which an unrestricted credit system can give towards the functioning of an expanding economy, and far too little cognisance was taken of the somewhat slow and rigid nature of agricultural production together with the inelastic nature of the demand for food. It seems to me that food production experts have been too ready to accept the idea that, in the future, the money system will no longer hamper consumption. In the past want of purchasing power was the chief cause of the limitation of consumption and it does not seem evident that any simple and practical alteration can do much to lessen this limitation, more especially as more than 75 per cent. of the total world occupied population is engaged in agriculture.

Private enterprise combined with *laissez faire* probably leads to the most rapid expansion in a new and undeveloped country, but once a certain level has been reached this unorganised development for private gain alone must be replaced by some conscious directive force. There must be some skeleton framework around which the economy of the country is built. Prof. Hoyek, in his "Road to Serfdom", rejects the idea that conscious planning is necessary; he sees in planning only a limitation of freedom for the individual.

I maintain that, working to a plan, the limitation can be adjusted for the good of all, instead of, as with private enterprise and *laissez faire*, for the good of the few, who then conscientiously set about the task of a planned limitation of good things to the many.

In this country far too much attention has been given to providing immediate employment without sufficient regard to the future result. Undertakings of a capital nature by the State should have regard to their usefulness in the future, and no permanent cure for unemployment can be found if the State confines its attention mainly to works with a high immediate labour content.

I am afraid I have not been very constructive in my remarks, in fact most of what I have said points rather towards what not to do. However, if it is realised that the solution of the problem of Full Employment in an agricultural country is something totally different to that possible in an industrial we will have made, at any rate, the first step towards an understanding of the problem before us.

Mr. T. K. Whitaker: The achievement of Full Employment is being put forward, in Britain and America especially, as one of the most important aims of post-war policy. The reason these countries are so much concerned about it is that they are industrial countries which experience the mass unemployment associated with trade depression. Other speakers have pointed out that our situation is quite different. We do not possess the industries which are most liable to cyclical disturbance and our unemployment problem seems to be more connected with the efficient development of our agriculture and industries than with the elimination of any kind of cyclical fluctuation. Our experience during the 1930's, when the Great

Depression was causing mass unemployment in America and Britain, was that the level of employment actually rose, to some extent, of course, due to the creation of new industries at the time and also indirectly to the substantial budget deficits which were characteristic of the period.

The publications which are attracting most interest are the two mentioned here to-night, the White Paper on "Employment Policy" and Sir William Beveridge's book on "Full Employment in a Free Society". While the approach of the White Paper to the problem is more moderate, or, some might think, more timid than that of Sir William Beveridge, they both rest on the same principles. Both owe much to the doctrines of Lord Keynes in Britain and Professor Hansen in America. They derive from a recognition of the fundamental relation between expenditure and employment. There is nothing new in this relation, but there is in the recognition that demand is an inherently unstable quantity and that positive action by Governments is necessary to maintain and stabilise it. The White Paper is concerned with action directed towards evening out fluctuations in demand. Sir William Beveridge goes somewhat further: his idea is to force up demand so that at any time there will be more jobs than people to fill them. It is fairly obvious that there will be great practical and political difficulties in giving effect to either of these schemes of promoting employment. Not the least important difficulty is that there will not be the same willingness to accept restraints and controls in peace time, in the interest of any social ideal, as there is in war time, when there is almost complete unanimity of purpose.

I do not want to say much about the modern theory of the subject, as it commands general acceptance, but there is one aspect of it which is of some interest. All the recent discussions of the means to full employment seem to recognise that the importance of monetary policy in achieving full employment has diminished. Some economists used to criticise Central Banks for preferring unemployment to inflation, but now that Government spending rather than Central Bank policy has been given the principal rôle, these criticisms will have to be addressed in future direct to Governments. The budget is now to be the principal means of influencing the level of demand. The Gladstonian ideal of a budget which was both balanced and as small as possible has long since gone by the board, in practice at any rate, and, to a greater extent, nowadays in theory. The White Paper clings a little to the Gladstonian ideal, but it is prepared to accept unbalanced budgets as a periodical necessity, expecting them to be written off when the bad times which occasioned them have gone by. But Sir William Beveridge is not equally concerned about writing them off. He hopes that the new money which they inject into the national economy will have the effect of increasing incomes all round and making the burden of debt charges lighter, and he is also insistent on the purely redistributive effect of Government borrowing and taxation. If it is now generally agreed that unemployment is a greater evil than inflation, one of the reasons for that agreement is that it is now widely accepted that unemployment is a more intractable problem. The experience of war-time has shown that incipient "wage" or "deficit" inflation can be checked by direct controls and people have become accustomed to the idea of large-scale Government borrowing and are less ready to take

fright at price rises and other indications that inflationary forces are at work. But I think it will be realised that psychological factors are of great importance and that they must differ from one country to another. They are of great importance, for one thing, in influencing private decisions whether or not to invest; and they must also affect the public reaction towards possibly inflationary public finance. The points of balance between the advantages of new expenditure by the Government and the disadvantages latent in increased taxation will differ from one country to another, and we should not expect them to be the same here as they might be in Britain or America.

Regarding the application of these fundamental theories to this country, it has been sufficiently emphasised already that the practical policies contemplated in both the White Paper and Sir William Beveridge's book are not completely applicable, to say the least, to this country. I think, however, that it might be well to refer to some of the facts of our unemployment problem. The inquiry which was instituted in connection with the 1936 Census showed that temporary unemployment was our main problem. The average length of male unemployment in 1935/36 was 10 weeks, and in the same year only 35 per cent. of the male employees experienced any unemployment at all; the proportion unemployed for the whole year was only one-eighteenth. The average length of unemployment was longest for dock labourers, unskilled workers and in agriculture, mining and fishing. This seems to show the importance of seasonal causes, lack of training and inadequate diversification of industry. But it ought always to be remembered in considering our unemployment problem that we do not see it at all in its true light merely by looking at the figures, because the figures represent only the domestic residue of unemployment. Emigration has a very important bearing on the level of employment and unemployment here. The progress of science and technique in agriculture over the past century has reduced the need for labour on the land, has reduced the wage it can command and compelled it to seek better-paid employment in the towns and, so far as it cannot be absorbed there, to move abroad. So that what we see in the figures really represents to a large extent a residue, a domestic core consisting largely of unemployables, perhaps, rather than unemployed. We should not, of course, attach too much importance to the designation "unemployable" because experience in Britain during the war has shown that the number of people who are really unemployable is very small—the figure given in Sir William Beveridge's book for Britain is, I think, 25,000. But this drift from the land and the inability of town industry to absorb the displaced workers suggest that our problem is under-investment rather than fluctuations in investment. Other speakers have dealt sufficiently with the desirability of a policy of increased investment in agriculture and in industry, which would yield bigger returns at lower cost and so increase our national prosperity. It is, indeed, on our prosperity, particularly on the prosperity of agriculture, that our level of employment ultimately depends. One thing that has to be remembered, however, in advocating domestic investment is that, unless you can create jobs here that are as productive as those abroad, you can only increase the level of employment by forcing people to take up lower-paid employment here.

One of our great advantages in regard to unemployment is the smallness of the proportion of the working population who are em-

ployees. In Britain the proportion is nine-tenths, but here it is less than half. Besides, as another speaker pointed out, half of our working population is engaged in agriculture. As a result, it is really vicissitudes in the export prices for our agricultural produce and changes in what is called the "foreign balance" that are chiefly responsible for fluctuations or disturbances in our economy.

The only other point I would like to make is that, as we are less exposed to cyclical disturbance than more highly industrialised countries, we have not to contemplate the same degree of State control as they will necessarily have to face in the interests of full employment. Other countries, we know, have attained full employment before the war, and it is quite possible to achieve full employment if we are not too squeamish about interfering with personal rights or too anxious about achieving the highest social welfare. But I believe that most people would rather see it achieved by some means which will pay due attention to both these factors.

Mr. T. Johnson: Mr. Chairman, I would like to raise a question as regards Colonel Edgeworth's reference to 5 per cent. or 6 per cent. unemployed prior to 1914. I know that figure was used by Sir William Beveridge, but it was based on estimates made in regard to a few selected industries. It was the first inquiry connected with unemployment insurance, and the basis of the first Unemployment Insurance Act was the extent of unemployment in a certain limited number of trades, which were the more effectively organised trades in Britain. Most of the unskilled occupations, in which unemployment was generally rife, were not included in that 5 per cent. I am certain from my own observations that in this country an estimate of 5 or 6 per cent. is lamentably short of the actuality. That brings us to the point that unemployment here does not arise from the same causes as in Britain. The discussion, which has arisen in the last year or two, has dealt particularly with mass unemployment due to cyclical causes. I do not think our trouble arises so much from cyclical unemployment, except perhaps in agriculture—under-employment of our farmers may to some extent be the equivalent of cyclical unemployment. There is nothing new about our unemployment problem. My experience of the problem here goes back quite a long time—50 years or more. Any time during that period, at least throughout this country, one might see scores or hundreds, according to the size of the town, of men waiting for employment, and there is nothing new at all about the present situation. In an official document—"The 1935 Report on the Trend of Employment and Unemployment in the Saorstát", there is a passage which says:

"It may be stated that it is a well-known characteristic of industry that it attracts to itself more employees than it is able to employ year in and year out. . . ."

I think that has been accepted hitherto, and I am wondering whether it is suggested that any development of industry that is expected in this country will alter that well-known characteristic? If it is, if this break in employment is to be avoided, we shall have no unemployed, all normal wage-earners will be continuously employed. If they are continuously employed they will naturally seek to sell their labour at the highest price; they will naturally follow the trend of the market. The hopes which the opener of this discussion laid stress upon, that

there will be some kind of regulation or agreement to prevent men asking for the market price of their labour power, I think will have no basis, unless the whole character of our industrial economy is altered. That economy will have to cease to be a profit-seeking economy and I see no sign whatever in any plans or proposals which have been made, officially or unofficially, that any change in the general character of our national economy is contemplated.

After the war, provided this country can obtain supplies of machinery and raw material in adequate quantities—and it is not certain that those things can be obtained—when any amount of Government-initiated work is begun something approaching full employment may prevail for quite a while. I cannot see that state of things continuing without maintaining wage standards, perhaps raising them. Assuming that any difficulty in that respect is overcome, I think what we ought to pay attention to is the problem of employment when the immediate post-war period is past, when these public works are to some considerable extent completed, when the normal operations of industry are resumed—what then is going to secure full employment? It is the long-term problem that is difficult, and there I can see no possibility, within the present national economy, of full employment being attained.

Mr. J. C. M. Eason: I have no particular knowledge of this subject, nor have I made a study of it, and I am speaking in the presence of students who are more competent to make comments than I. Adverting to the remarks made by Mr. Johnson just now I wonder how that 5 per cent. unemployment in this country was arrived at. With a total of 1,200,000 people who are supposed to be gainfully employed there would be 60,000 or 70,000 unemployed—that comes close to his figures. I sympathise with Mr. Johnson on that question of surplus labour. He did not offer a solution of it completely. My experience would suggest that industry does require a reservoir to draw upon; having been in business for forty years I have worked on that basis. In connection with a skilled trade, let me take an example, the printing trade, it has its periods of maximum employment. I am speaking now in relation to skilled trades. There are times when the printers in Dublin have to look round for people to work—there were more jobs than people for them—and they drew back into the trade anybody who had been a printer. Now what does that mean? It seems to me that the talk of full employment without having, at the same time, something in your minds about the relative state of efficiency, without some reference to a price level, is not reasonable and means nothing. At that period of full employment I speak of in the printing trade when relatively unskilled workers were employed, the average of efficiency was, undoubtedly, lowered, I do not know by what percentage or to what extent. As a matter of fact, the percentage of unemployment in the printing trade in the whole year would be about 8 per cent. Can an industry carry on efficiently if it is to employ everybody who had been in the trade, and could put his hand to a composing or a printing machine? What is this full employment position? These people are fully employed, they have reached an ideal stage. What is to happen: how are they to be kept fully employed; at what wage? They can be fully employed in the future if you reduce your wage level and reduce your prices. You must employ them on a different level of quality as regards the product. It would not be as good as in normal circum-

stances because if these people were efficient they would not be unemployed. The people who get unemployed are the relatively inefficient people. At any rate, that bothers me about "full employment", and I regret all the time that a phrase like that is given so much currency. Certainly, as an objective the British White Paper sets a much more useful and understandable headline. I do not believe that the people in the country who talk about full employment will interpret it in any other way than the man in the street who says: "I as an employer am going to have my business maintained; I as an employee am going to have my employment retained". What else does it mean? There are to be more paid jobs than men and women looking for them; that is the position outlined and it seems to me that that is analogous to a position of stagnation.

The real problem with regard to any policy in connection with unemployment cannot be solved except speculatively and in advance, and if you are faced with the problem of unemployment, how are you going to deal with it—on a short-term or a long-term policy? Actually you do not know because you cannot measure the forces which are at work. Take any of the industries with which there have been difficulties in the past. What is the matter? The matter is that policies have been adopted because it has been assumed that the disturbance at the moment was abnormal and that in the course of time, in a year or two, the industry would restore itself to its normal position, for example, the linen trade in Belfast and the cotton trade in Manchester; units have been kept in production by the assistance of banks or the Government, when it would have been better for them to go out of production. They have been kept going to save causing unemployment. If business is going to come back again it may answer to work staff for reduced hours and keep them going over a period rather than dispense with their services. For a long term, however, it is better that they should go out of the industry. I sympathise completely with that problem which Lord Stamp used to pose so frequently—how was anybody thirty years ago to know what would be the public demand for bathrooms in a railway company's hotel? All planning tends to be in terms of the present. To project one into the future is difficult, and I candidly feel that it is quite impossible to believe that even a Government armed with all the resources of a Department such as Dr. Geary is engaged in will in fact be able to forecast movements in such a way that they will be able to avoid misinterpretation, misjudgment and so on.

This subject is not easy to argue upon because one's views are determined by a background. If I were considering this in the light of Sir William Beveridge's pamphlet, it occurs to me that I have not the same outlook on the world as a whole. I do not believe that his view as to the necessity for free movement, for growth, for continuous change, is at all as insistent as mine would be. I, as the result of experience, have come to the conclusion that all this talk of security and planning and so on is beneficial up to a point, but it must be done with the belief that things must change, and we should make it easy for them to do so. "In a world in which existence is synonymous with change time always works against any effort to maintain the *status quo*. . . ." Other objectives put before us by Sir William Beveridge and other prominent public speakers are—security, freedom from fear; when were these ever experienced in

this world? Do you really believe that we can ever get rid of fear and will you not agree with the poet who writes :

“ And Fear having fled, her sister
Blest Hope in her train is gone ”?

I must confess that I am completely dissatisfied with those objectives.

There are to be “ more paid jobs than men and women who are looking for them ”. Leaving out the war period, can any of us who have been engaged in business say with complete satisfaction that on the whole there is a large percentage of people who are really looking for work for whom there are no jobs? A case has been mentioned this evening of certain people who would not take certain work. I think that they should be free to take it or refuse it; but work was there and what is the sense in talking about freedom for the people and at the same time obliging people to take work? Compulsion is in Sir William Beveridge's scheme. How are you going to deal with the wages problem if a man is in one position and wants to go to another or an employer wants to get a man who is in another position and offers him more money? You are going to have a rise in the cost of wages. Is not that going to have an effect on employment as a whole? Can that be allowed? If it cannot be allowed there is no freedom. This impinges on politics rather than economics.

Before closing I want to refer to the matter of budget deficits. Why is it that people will talk and write about budget deficits as if a deficit was either a good thing or a bad thing in itself? Surely there is no merit in a budget with a deficit or a budget balanced until you know what causes the deficit or enables the balance to be struck. This country has had a deficit almost every year for the past twenty years. We have not balanced a budget for seven or eight years now; I think there were only two years in the history of the Free State when a budget was balanced. Why were they unbalanced? They were unbalanced in order to provide for expenditure which has proved to be unproductive: National income has not risen proportionally to expenditure. I am not talking of war years; I am going back earlier than 1939. I do hope that people who talk about balancing budgets will understand that there is no virtue in either a balanced or an unbalanced budget until you know the facts behind the figures.

I would like to congratulate the Society on having arranged this discussion. It was an experiment and I have found the speeches interesting.

Mr. P. G. Crowley: As I listened to the previous speakers, a few thoughts came to mind, and I think I should put them before you. The first thing that strikes me about this very serious question of unemployment is: can it be cured? My answer is that it can, and for the purpose of my argument I take the following analogy. Assuming an epidemic comes to a district the medical officer decides that, first of all, in order to get rid of that epidemic he must find its cause and thus prevent its spread. Now I would apply the same treatment to unemployment. I am firmly convinced that the main cause of unemployment is due to the materialistic philosophy of life adopted by a large percentage of people nowadays and for many years back. This materialistic philosophy usually leads to one of two things. On the one hand it leads to unemployment and doles, on the other, to wars. Now I have a feeling that we should not accept this pagan

idea in economics that labour is a cost of production. I believe labour should not be rated as a cost of production, for when times are bad with business men, you will find that they will start cutting workers' wages to balance their budgets. I consider that is wrong. If you are going to cure unemployment you must treat your fellowmen as human beings with the same rights that you have got and not as cogs in business machines. Now if you do as I suggest you can be assured that after a time unemployment as a serious danger will cease, but until then, no matter what you do in the economic sphere, no matter what schemes, grants or other palliatives you try out, they can only lead to one thing or another, unemployment or war. That is a point I think has not been raised here this evening. Until there is a change of heart, especially among employers, there is little hope of any permanent cure for unemployment. But it rests with ourselves and especially with the employers. If an employer considers labour as a cost of production and if he develops his costing system with that in mind, then he is on wrong lines and he is just going to make the problem more acute.

Mr. W. A. Honohan: I think, for purposes of record, it might be well to quote some statistics in order to fix the rate of unemployment with some precision. In the 1936 Census there was a very full analysis of the position, and it appears that the number of persons describing themselves as "out of work" was 95,089, out of a total "at work and out of work" (including employers) of 1,330,513, or a percentage of 7.1. Incidentally, the total of 95,000 corresponded pretty well with the average monthly total of the Live Register in the year 1936. (The corresponding percentage figure in the 1926 Census was 6.0.) Another figure quoted in the same analysis shows, for males only, an "out of work" percentage of 16.6 of *employees* "at work and out of work". I think that this is the percentage which previous speakers had in mind—the percentage of employees out of work. The estimates of the cost of unemployment insurance in connection with the 1911 Insurance Act were based on very scanty material, being derived from a few industries only—e.g., engineering 6.5 per cent., building 10 per cent. The average assumed for all the industries covered by the Act was 8.6 per cent. When the scope of the insurance was extended in 1920, the average percentage was brought down to 5.3—a figure which was based on the experience to that date. But in the years before this present war the basis in the Unemployment Insurance scheme in Great Britain was an unemployment percentage of 15 per cent. of those covered by the Unemployment Insurance Acts. In connection with the Beveridge Plan, which embraces several occupations not subject to heavy unemployment, the rate was fixed at 8½ per cent. I do not know what figure would correspond to that here, but it would probably be something like the 7.1 per cent. of the 1936 Census, so that we do not come out of the comparison too badly.

The same analysis gives some other very interesting information. It shows that of the 95,000 unemployed in 1936—there are now 60,000 or 70,000—83,000 were men and 12,000 women—a point which should not be overlooked when setting up new industries. There are also considerable numbers in the advanced age groups. Of the 83,000 men, 25,000 are given under the heading "Agriculturists", 35,000 under "Non-agricultural Production" and 14,000 under "Transport. Communications, Professions etc." and 9,000 under "Commerce and

Finance". If we are relying on increased industrial production it is to be noted that the size of the available labour corps with, I presume, some experience in that field, is about 35,000—corresponding, say, to the attendance at Dalymount Park at the recent Cup Final. Our present total of unemployed is about twice that number.

I do not wish to say anything on the theory of the subject as I am not burdened by any knowledge of it, but it has always struck me as strange that we should have just this surplus of manpower which, after all, is comparatively small and yet is such that we cannot handle it. I do not know whether it would be feasible to deal with the problem in some other way than by interfering in a wholesale manner with our national economy. For instance, if we shot a number of citizens equal to the number of unemployed, would the problem be solved, provided the right people were shot! Or would the same number of unemployed reappear again in a short time in the reduced population? I am sure that must be a very difficult question to answer.

Lieut.-Col. K. E. Edgeworth: I think that it is rather a pity that the Council decided to have a general discussion on employment, instead of inviting someone to write a formal paper, for the subject is complex and difficult, and it is impossible for anyone to offer an adequate and properly reasoned survey of the position under the ten minutes' rule. A discussion of the present type is necessarily superficial.

In my own case I have devoted considerable time and thought during the past twelve months to the problem of employment in Eire, and I have written a memorandum on the subject running into about 20,000 words. It has not been published because I have been deterred from publication by the cost of printing, and it was not submitted to this Society because I felt sure that it would be returned with the request that it should be cut down to about one-third its present length, and I do not feel disposed to accept any such suggestion. Nevertheless, the memorandum is at the disposal of the Society if the Society is in a position to make any use of it. Alternatively, I should be grateful for any help or suggestions as to how it might be published.

Returning to the main issue, the first question which arises is: what do we mean by full employment? Prior to 1914 the volume of unemployment in Great Britain averaged about 5 or 6 per cent., but from 1918 onwards it was about $2\frac{1}{2}$ times as great; I have quoted British statistics because I am not aware that similar statistics are available for this country although the position is no doubt similar.

Evidently our first task must be to reduce unemployment to the figure of 5 or 6 per cent. which prevailed prior to 1914. Sir William Beveridge believes that it can be still further reduced to 3 per cent., but it is not necessary to debate the question at the moment. When unemployment has been reduced to 5 or 6 per cent. it will be time enough to consider the possibility of still further improvement.

The next question is: can unemployment be reduced to the figure which I have just named? The answer which I would give to this question is: Yes, but not by muddling along as we are doing at present. The greatest difficulty which has to be faced is the general apathy of the community as a whole, an apathy which is of course reflected in the attitude of the newspapers. To-morrow our leading journals may contain a brief reference to the fact that a discussion

has taken place here on the subject of employment, but whole columns will be devoted to race meetings, cross-words, Myles na gCopaleen and similar matters in which the public is really interested.

A small study group to examine the employment problem would, I believe, be of considerable value, but I have failed to discover anyone who is sufficiently interested to co-operate in the creation of such an organisation.

In regard to the theory of unemployment there appears to be fairly general agreement as to the correct method of approach. Unemployment is due to a variety of causes, and each of these causes must be properly understood and appropriate measures must be devised for its removal. There is no general panacea. Also the causes which are important in one country are not necessarily significant in another.

In Great Britain and the United States fluctuations in the demand for capital equipment have caused serious unemployment, but this country is not a producer of capital equipment (except buildings) to any serious extent, and there is no reason to believe that this trouble is of serious importance over here.

Another considerable cause of unemployment, especially in the United States, has been over-saving, but there are no statistics available for this country to show what part under-saving or over-saving has played here. In any case, there is no reason to suppose that there will be any excess of saving in this country, or indeed in any part of Europe, for many years to come; rather the reverse.

Some of the chief obstacles to full employment which are actually likely to be significant in this country in the near future would appear to be:—

(i) *Faulty planning.* Plans for the development of industry are being made by the Government, by the Federation of Irish Manufacturers, by the Chambers of Commerce and so forth, but it is evident that there is a lack of co-operation between the various planners. Much closer co-operation between the various people concerned will be necessary in order to ensure satisfactory results. The matter is discussed in my memorandum, but there is no time to deal with it here.

(ii) *Lack of technical knowledge.* If plans are to be realistic they must be based on knowledge, and the acquisition of knowledge means research.

Research is not, as some people seem to imagine, a pleasant spare-time hobby for university professors; it is a matter for teams of experts working in properly equipped buildings and endowed with adequate funds. Taking as a basis the amount of research which is likely to be carried out in other countries, this country ought to spend about £400,000 per annum on research, of which half should be spent on agricultural research and half on industrial research.

(iii) *Foreign competition.* I have dealt with the question of international trade in some detail in my book, *Unemployment Can Be Cured*, and I need not go into the matter here. The important point is that the balancing of imports and exports depends largely on relative national price levels, and it is essential that these should be brought under control.

(iv) Reluctance on the part of the investor to accept the risks of industrial investment, and, associated with this question, the ques-

tion of raising capital at the lowest possible rate of interest, in other words the question of limiting profits.

There is no time to discuss the matter here, but a type of industrial organisation is suggested in my memorandum which would seem to offer a solution to the problem.

I would conclude by repeating: the employment problem can be solved, but it will not be solved unless the nation as a whole takes it seriously, and unless people display a great deal more interest in it than they have done in the past.

Colonel Eoghan O'Brien: Full employment like Collective Security is a wholly desirable aim and yet quite unlikely to be fulfilled. It is difficult to see how full employment could be secured without first an accurate forecast of the needs of the population in houses, clothes, manufactured goods and food. Even if such a forecast could be made changes in popular taste, new inventions, new processes, catastrophes, movement of the population would upset all forecasts. In regard to food something could be done by storage, refrigeration, and dehydration. In regard to other requirements the only known methods of securing constant employment are manufacture for stock which is a risky business and the use of short time and overtime which is resented by the workers. Oratory cannot get away from these hard facts. One further device for securing full employment is forced movement of workers but this unpopular method brings its own troubles as to housing, markets, and the unsuitability of people of one trade for working in another. Labour is inclined to attribute all wealth to the efforts of the mass of the workers: the fact is that it is the skill, energy and inventiveness of the managers and designers and research workers that enable anything like full employment to be secured. It is the interest of these higher grade workers even more than that of the manual workers to see that their businesses are so run and modified according to circumstances that there is a full demand for the products of the industries they control. I suggest that the self-interest, if you like to put it like that, of the management of industrial and agricultural concerns is far and away the most important factor in securing anything like constant employment for the mass of the workers: far more than the profit motive: indeed, even in the most proletarian State the profit motive, the desire for something more than a livelihood, is the mainspring of the workers' desire for full employment at adequate wages.

Professor George O'Brien (President): I have taken such a large number of notes that if I were to attempt to cover all the points raised I should take a very long time. Could we find some basis of agreement between the various speakers? It may be the fault of the Council that it was not made perfectly clear whether the discussion was to be on full employment in general or on full employment in our own country, with the result that we found ourselves debating two major problems instead of one. Some speakers discussed the latest theoretical developments, such as the Beveridge Report, which is in itself quite sufficient to employ this Society for a whole session, while other speakers set about solving the unemployment problem in our own country. We found ourselves trying to grapple simultaneously with the most intractable problem of modern economic theory and with our most difficult national problem. If we have not solved

either, not to say both, of them on one evening that is no great disgrace. But I have been trying to find a certain basis of agreement—some sort of thread throughout the discussion that might possibly lead us somewhere and would prove that we do not disagree as much as would appear from the remarks of the various speakers to-night.

First of all we are, I think, agreed that the whole Beveridge analysis of unemployment does not apply to the circumstances of this country. It was made perfectly clear by Sir William Beveridge himself that his analysis is true only in certain conditions. It is true only in capitalistic countries where the volume of investment depends upon private enterprise and where there are conditions of over-saving. The Beveridge analysis, in fact, is based on the existence of over-saving. There is no evidence of over-saving in this country. The Banking Commission reported we were saving too little rather than too much. Of course, during the war years we have been hoarding owing to the lack of investment opportunities, but such hoarding is not normally a characteristic of the Irish economic system. Another thing that has been stressed by various speakers is that we are an agricultural country and that the whole question of employment—whether stable employment, high employment or full employment, which are not necessarily the same thing—depends upon conditions quite different from those which prevail in a predominantly industrial country. The true beginning of expansion in a country like this is an increase in the volume or the price of our exports which would give rise to a considerable flow in purchasing power through the whole system. I think that a country like this should attach more importance to building up exports which can compete in external markets than to experimenting in cyclical budgets, manpower budgets and deficit finance, which are more properly suited to an industrialised country.

Dr. Geary will not, I feel sure, suggest for a moment that I am making any reflection on his Department—the Statistics Branch of the Department of Industry and Commerce—when I say that we lack many statistics. We lack many of the statistics on which an intelligent employment policy needs to be based. The Treasury White Papers presented with the British Budget are a model of what such statistics should be. I have not yet seen this year's White Paper but, judging from the newspapers, it seems to be a very remarkable statistical achievement. The Beveridge social insurance and full employment policies demand full knowledge of national income, expenditure, savings and investment, about which it is quite fruitless to argue in the absence of greatly improved statistics. Until we have this material we are really fighting in the dark. It is probably correct to say, as was suggested by Mr. Johnson, that published statistics in recent times have tended to exaggerate the growth of unemployment. It was always a problem; there was always a great deal of unemployment in every field. For instance, there was always the professional man waiting for somebody to ring at his office door. He was, to a great extent, unemployed. The fact is that, with the growth of mass unemployment, the world has become unemployment-conscious. There was probably more unemployment in the past than the available statistics suggest.

Given the conditions of an advanced industrial society where over-saving is taking place, Sir William Beveridge's theoretical analysis and practical proposals are probably correct. The difficulties in the

way of the Beveridge scheme are not economic or financial, but political. If a country is willing to make the necessary sacrifices of freedom, if it is willing to shoulder the administrative problems which are involved, if it is willing to grapple with the problem of keeping down wages when it arrives at conditions of full employment, then possibly a solution of unemployment could be achieved. The whole problem seems to be a political rather than an economic one. Someone said that Russia has achieved a solution of unemployment because she has insisted on people saving. You could correctly say that Russia is the most capitalistic country in the world. There has been more saving in Russia relative to national income than in any other country in the world and the greater part of the saving has been involuntary. But saving in Russia has not produced unemployment because all the savings have been productively invested. The same was true of pre-war Germany and of every belligerent country. Over-saving did not take place in these countries and unemployment was, therefore, avoided.

General agreement will, I think, be found for the proposition that mere employment is not an end in itself. Mr. Eason, I thought, was singularly interesting on this point. If people are willing to take low enough wages or if employers are willing to take shoddy enough work, then possibly a solution of unemployment could be easily achieved. The idea that it is better to have people digging up holes and filling them up again than to have them unemployed is one with which I cannot agree. Employment is a means to an end and the real problem is to find productive employment. When I say that, I do not necessarily mean profitable employment. As long as we have got fairly full employment, such as we had in the 19th century, the test of profit and loss is, subject to limitation, possibly the best method of guiding production in suitable directions. Lord Keynes insists that even to-day the direction of production can still be left safely to the profit and loss motive. However, with the changes taking place in recent years, private investment and consumption do not keep up the full volume of employment and, therefore, something must be done to supplement it. Therefore, over a certain area, there should be employment given not in response to the test of profit but in response to some test of social utility. It may be directed to housing or the provision of parks or other public amenities.

It is fully accepted in war-time that profit is not the sole test of desirable economic activity. In war-time there is full employment and great activity, but then there is general agreement regarding priorities. How can you bring that general agreement over into peace time? The more totalitarian a country is the easier it will be. The only point I am trying to make is that, when we get outside the sphere of private enterprise into the realm of employment based on public expenditure, let it at least be employment for the production of something useful. Employment is never an end in itself. Let it be the provision of objects of amenity or beauty, public parks, public monuments, not merely work for work's sake. If activity is an end in itself, then we should always be satisfied with war conditions. Mere human activity is not the be-all and the end-all of existence. What is needed is useful, but not necessarily profitable, employment. To come back to our own country, Mr. King said that there are three things we could do with the unemployed: we could leave them unem-

ployed, put them to work on unproductive work, or put them to work on productive work. That is perfectly true, but there is a further thing we could do, and have been doing for the last 100 years, and that is just to let them go. That solution has not been mentioned in this evening's discussion. We have solved our unemployment problem for the last 100 years in the most expensive and most defeatist manner. We have exported the unemployed. Are we going to continue to accept that solution? If a country is prepared to let everyone who cannot find work at home go away without protest, that would be one way of solving its unemployment problem. Just put them on a boat and let them sail away. The question is, can we find another solution in the future, assuming that our population continues to increase even at the diminishing rate which Dr. Geary has predicted? How can we employ them at home? Can we employ them in agriculture? I am sorry that Dr. Kennedy is not here this evening because he has views about the possibility of finding employment in Irish agriculture which I, personally, cannot share. I think I can gather from the sense of the meeting this evening, from what some of the speakers said, that we here are pretty well agreed that the prospects of expanding production on the land are not very great. Dr. Beddy demonstrated in the paper which he read to this Society last year that if we in this country had the same degree of agricultural intensification which exists in Denmark—which is frequently quoted as the last word in what agriculture ought to be—we would have only 174,000 more people employed on the land. Mr. Lynch said that, with the coming of electrical power, all sorts of rural industries are capable of expansion. Mr. Richards Orpen suggested that we will have to rely for the expansion of employment on the expansion of our secondary industries. Denmark has really solved her unemployment problem by the building up of secondary industries. Why should not the tertiary industries also be expanded? The true test of progress is the shifting of employment from the primary to the secondary and from the secondary to the tertiary industries.

We have certain tertiary industries here—for instance, our tourist industry—that might have considerable possibilities of expansion, far more than that of agriculture. The expansion of the tourist industry would bring foreign currency into the country. The general condition of the world to-day might favour the Irish tourist industry. Here in Dublin we have the Sweep, which was a very solid source of income before the war. It brought a lot of money into the country and gave a considerable amount of employment. I do not believe the demand for agricultural exports is capable of indefinite expansion. We are not a low-cost producer and we have to compete with other countries that are low-cost producers. I think, therefore, that we will have to rely more and more on invisible exports derived from the tertiary industries.

I think these are some of the points on which we have reached general agreement to-night. The discussion has ranged over such an enormous field that I could speak for several hours if I were to attempt to deal with every point. Many of the major problems of economic theory, of world politics and of Irish national economic policy, turned up in the course of the debate. There is no motion to move, and I shall, therefore, join Mr. Eason in congratulating the Society on a very useful discussion.