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Steady Pay

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Inasmuch as a commodity price level at least fifty per cent over present quotations would be desirable, and with the tendency for gold to become scarcer and commodities to be produced more cheaply, the rate of tax presumably would always be a mathematically positive quantity. The tax rate would virtually become a sluice-gate regulated to divert first whatever amount is necessary for currency to that use, and then and only then allow the remainder to be used in the arts.

In estimating the possibilities of such a taxation plan it is to be noted that the non-monetary consumption of gold in the United States in the last decade has been at the rate of \$60,000,000 annually (variations have been substantially within ten per cent of this figure) whereas our own gold production, while above the world per capita rate, is now about \$40,000,000 annually. Expert opinion is that this latter rate will be maintained for some time to come, without expectation of appreciable increase. Because of new sources of platinum already surveyed and additional discoveries under way, a price on platinum of \$25 an ounce is

not an impossibility, but even at \$40 an ounce, a 200 per cent tax on gold would greatly encourage the substitution of the latter by platinum.

Regulation of this description would at once stop hoarding by informed people, since the incentive to hoard—hope of capital gains—would be removed by increasing and then stabilizing commodity prices.

In case of inadequate production for currency alone, recourse might be had to Government operation of otherwise unworkable mines, using convict labor, but once the value of gold is brought under control the requisitions for currency would tend to shrink and the need for such a step would hardly arise.

With commodity prices reasonably stable, the expansion of productive capacity tends of itself to stay within sound requirements of new industry, normal growth and replacement of decay. With economic forces arraigned against wild expansion, stability for general business is attained and presents the picture of a pyramid on its base, instead of either delicately balanced on its apex in boom times, or flat on its side in a slump.

## Steady Pay

BY HENRY J. TYNAN

*A manufacturer's argument for insured jobs*

**R**IGHT through the hard times, most of us who have not given up to despair have been watching the horizons—economic and political—for the emergence of

a new formula that should make any repetition of these tragic years improbable.

And yet, out of it all, business and finance have finally produced only

the weird dictum that nothing can be done about it. Our governmental authorities have made heroic efforts to help tide over the immediate emergency — without, however, initiating any constructive measures that might prevent a recurrence; while industrial and financial oracles, in interviews and editorials, have continued to allege that business cycles have behind them the force of natural law.

We are told that such cycles have always been, with booms and depressions alternating — and that they therefore always will be. And that we are not to become either excited or despairful. There will be casualties — many will go hungry — but these are merely the normal incidents of every recorded depression. Wait. Never fear. The bottommost point is always certain to be reached in due course, after which those who have survived will begin to work their way upward once more. And some day all will be well again — until the next cyclical period for idleness and suffering shall arrive.

A charming doctrine of periodic damnation — for all but those most securely entrenched. A doctrine, incidentally, that is most solemnly affirmed by the well entrenched, who are among our leaders. We must credit them with good minds, good faith, good intent; and they base their belief upon the record of the past. But when God gave out His great gifts of hope and imagination He seems to have passed them by.

It would seem to be a fair prophecy that the same types of men who have solved our problems of the past will not fail us now — that they will find ways to abolish most of the

suffering incident to depressions and to make depressions of disastrous proportions quite improbable. They are thinking and planning, hoping and praying and looking forward, firm in the belief that we have been created in full competence to overcome every last one of our social ills if and when we muster the will and the courage to get about it.

They feel that it is *not* necessary or normal that every so often men and women should be without work or wages — and wondering children hungry; that our civilization will never be anything to boast about while such a condition endures; and that something must and will be done about it.

It will require effort — and change. We can not strictly maintain the old order and at the same time establish a new and better order. The task — if we are to avoid upheavals such as have accompanied major changes in the past — is to plan so that the shuttle of our good purpose may lay its strong, new-made threads firmly within the splendid warp which we already possess as our foundation for a better social fabric.

There are employers and stockholders who would fight the change, as they would fight any plan that might conceivably affect their treasured prerogatives. They believe, rightly, that they are doing a service to workers by employing them — but fail to give due weight to the obvious fact that they could not operate at all without the great services which those workers render to them. And of course, as employment is in their view a one-sided favor, they can conceive of no rea-

sonable ground for protest when work and wages are summarily cut off.

But the more just-minded and far-seeing realize that there are many elements of unfairness and unreason in the way that business and industry are performed today; and that something very genuine and substantial *must* soon be done both to prevent further reckless business excesses and to bring security to the worker. And that the welfare and security of the worker are essentially the welfare and security of society at large.

Splendid efforts have been made by a small number of employers to place their workers on a plane of greater security — efforts such as those of Procter & Gamble, Dennison, Eastman, General Electric, and others — and with growing success; while other meritorious programmes are under way in several trades, as among the clothing workers of Chicago, and among small groups of employers in restricted areas, as in Rochester. The trend of each of these fine efforts is in the right direction — and several of them have advanced a long way toward the steady pay ideal; but they have necessarily been of a limited type and in each instance apply to a very limited circle of employes. Nor are any of them calculated, as steady pay would be, fully to maintain purchasing power — which would tremendously lessen the severity and duration of such depressions as might occur.

Furthermore, the efforts referred to may hardly be regarded otherwise than as special instances, with programmes which it would be impossible under existing conditions to

apply to any one unit in any industry in which hundreds and thousands of small and large concerns are using every last competitive device to come out on top. In the vast textile industry, as an instance, possibly not a single company is so placed that it could survive in competition if it attempted anything whatever in the way of employment guarantees.

Few who in recent years have had to fight merciless competition will deny that the ways of industry and business need drastic amendment. Business ethics are discoverable here and there — but only often enough to prove that they exist as something of a rarity. With many the law of the jungle prevails — or less law than that. Right and wrong have become rather irrelevant issues, and the only pertinent questions are: “Will it save us money?” “Will it make us a profit?” “Can we get away with it?” In short, any method goes that will bring in the dollars without bringing in the police. Decent competitors suffer, often are ruined. And of course employes suffer all around. For the primary way to put over these competitive adventures, or to fight them, is to cut off all the employes that it is possible to cut off, to load the work on those remaining and to cut wages.

As individuals we have freedom in our personal lives and conduct, yet know at all times that we may not run amuck without being brought summarily to task. Our freedom is freedom no less because it must have due regard for the safety of our fellows and the welfare of the community. But the business of profit-seeking has thus far refused to curb itself at all. It hurls itself into every opening

where gains may be seized — without regard for the security of employes, the fate of others in related business, or the public welfare. In brief, it has failed utterly to learn civilization's greatest lesson, that of voluntary restraint; and needs badly to have that lesson impressed upon it. And until this is accomplished there must be small hope of sound and permanent stabilization, as "business" of the sort described is certain to dismount and wreck any and every balance wheel that we may set in motion.

What seems to be urgently required is a new and basic conception or formula; a formula which is essentially fair socially and relatively simple of execution — and from which will flow naturally most of the needed betterments in business and industrial conduct that may never be brought about by complex laws and regulations.

A careful consideration of steady pay and its many implications suggests that it may answer the specifications — that it may constitute in itself a formula which, put into general effect, would lead to just those far reaching results; and that, while it would need effective sponsorship and the support of other constructive measures, it would lay a sound basis for sane economic up-building. Moreover, it would call for no paid army of enforcing agents. Our millions of benefited workers would constitute that army.

**B**UT before considering the general and collateral effects of steady pay let us regard it in its more simple aspects. As a measure for general application it would seem to

be a great innovation — but in fact it is novel only in that it proposes a wide extension of a method quite ancient. An early instance of it was on the old-time farm. The farmer had his two or three helpers who worked with him through the sowing and the harvest — and who lived on with him through the winter. There was little for them to do in winter — but what of that? They of course could not be turned away, for they were integral parts of the enterprise.

That is an old-time instance. But today, in certain kinds of endeavor, the steady pay conception has grown to be regarded as the only just basis of employment — and is in full force. Instances — teachers, policemen, firemen and the whole vast host of municipal, State, and Federal employes. The current depression has not affected their compensation. There has not been a minute when they were not on the payroll at full rates, with no lost time; and they have not had to face the possibility of losing their jobs. Result — they have had no cause to be gripped by the fear complex and have gone on buying as usual in accordance with their normal requirements. And had our whole working population been circumstanced in somewhat the same way it is reasonable to assume that the great depression would have been relatively unimportant in the United States.

To be sure, it may be said that all of these men and women who are receiving steady pay are employes of the community — and therefore entitled to better treatment than the men and women of industry and business. That is a more or less traditional way of accounting for or ex-

causing the disparity — a way that has been fostered by the classes which benefit — a way acquiesced in by politicians and legislators, because of the unity and actively exerted influence of those classes. Excepting only the teachers, such employes are drawn from the ranks of the politically inclined and so have been able to secure betterments for themselves by political methods.

But it would seem rather difficult to find logical reasons why the worker in industry or business should be denied the security that is granted as a matter of course to those in the public employ. In the last analysis the weaver or mechanic is working for the community in just as full measure as are these others — and in many instances working through longer and more strenuous hours.

Moreover, there would seem to be in these contrasting conditions a curious anomaly. Basically, the workers of business and industry are the taxpayers. Their labor, guided by management that is working beside them, produces the wealth and property from which taxes arise. So that the workers, as the basic source of taxes, are in full truth the employers of all of these others who are so freely accorded the advantages of steady pay. Yet they themselves have it not — and sometimes walk the streets with empty pockets while their employes — the policemen, officeholders and the rest — go serenely on in full security.

But steady pay also applies today to another class possibly far more numerous than are the employes of the community. These are the key workers in business and industry. Every considerable enterprise has

them. They are integral parts of such enterprises — technical men, managers, superintendents, foremen, engineers, secretaries, chief clerks, etc. Could they be tallied up, their numbers would be very impressive indeed. Work or play, sick or well, boom times or otherwise, these men and women are on the payroll for full time; and, like steady pay workers in the public employ, their compensation is not greatly affected by depressions (excepting only when employing companies fail or liquidate, which circumstance would be provided for under a general and fully organized steady pay programme). In some instances the extraordinary depression of 1929-32 has necessitated reductions in the pay rates of these key people — but regularity of pay has continued. And, again as with steady pay workers in the public employ, their confidence and continued purchasing has helped to prevent this depression from being as disastrous as it might have been.

In a highly competitive manufacturing business with which the writer chances to be familiar, there are a number of such men. They have served the company for periods of from ten to forty years — in some instances through a number of severe depressions — and not one of them has ever lost one day's pay. That is merely one specific and authentic instance. The same rule applies to thousands of enterprises in every quarter of the land. A well managed business, employing any considerable number of workers, would hardly consider attempting to do without such a nucleus of dependable people — always at hand, al-

ways ready, and always secure in steady pay. Those who pay it find their steady pay people their most reliable and devoted helpers — while those who receive it have a security and contentment never known to workers whose compensation is apt to be cut down or cut off as business activity recedes.

IF THIS same steady pay were systematically and generally accorded to all faithful workers it would seem that our employment problem — and many of its accompanying economic troubles — would be far on the way toward elimination. There would still inevitably remain a small floating class, for no programme can ever make individuals over or prevent our always having with us many who have not as yet found their right places in the working world. Some — incompetent, inept, or unwilling — might never come within the benefits of the system. But the obvious attractions of steady pay jobs might work wonders in causing unsettled people to make better and more constant efforts. Also, there would have to be a reasonable period of trial or probation for each new employe — so that steadiness, good faith and ability for the job could be demonstrated before the employing company accepted the obligations entailed in registering the candidate as a steady pay worker.

But once so registered that employe would become, subject only to certain reasonable and mutually acceptable conditions, a steady earner of wages, good times or bad, and would carry this established status with him if and when he changed employers. Having a dependable

income, he would be a constant and dependable purchaser of the products of industry; and, as the vast majority of all workers would soon be on the steady pay lists, a sustained buying power would be built up that would be very nearly depression-proof. Something close to ninety per cent of our manufactured products are consumed within our own borders; and the prime essential of any American economic plan is to enable our people to take that ninety per cent at all times — and not in boom times only. This end can be attained through maintaining continuity of worker buying power — and not in any other way.

Very possibly there would be need of wage adjustment in certain instances, especially where rates are now very high in recognition of the intermittent nature of the particular employment — but for the most part nothing of the sort need occur because of steady pay. It would therefore raise producing costs and prices, at least until there was complete adjustment to the new condition. It would thus cost the public money — which money the same public would quickly retrieve through payrolls to millions of employes who would for the first time have security and who would therefore spend without fear. Money would circulate faster and with greater regularity — and it is conceivable that the net cost might be nil. And, as interest at low rates on reserves for steady pay should more than provide for all administration expense, we could look forward to complete stabilization of employe income and buying power without any real eventual cost to the community.

It may be argued that the reserves necessary for such a system would be so tremendous that their accumulation would be unthinkable. But this contention loses sight of the fact that there would seldom be much idle time to pay for. Employers would have a new and powerful incentive to prevent idleness, for there would be a big advantage in so doing. Payments by an employer would begin at a maximum and decrease on a prearranged schedule as his steady pay fund approached an agreed safety point. Such payments, moreover, would cease when the fund reached a certain maximum; and would not have to be resumed unless and until heavily drawn upon. So that the employer who was successful in keeping his people regularly employed would find a deserved profit or advantage in so doing. Strenuous efforts would be made to do away with seasonal unemployment instead of accepting it as inevitable. There would be combinations of complementary jobs and industries. Men who built automobiles in the busy season of that trade would construct electric refrigerators or other equipment when demand for motor cars slackened. Where no such combinations could be satisfactorily effected, ways would be found to prorate production over the twelve months instead of permitting it to be crowded into six or eight months. Factories would be renovated to keep people working. In short, a large part of the effort of management would be to maintain regularity of employment. Suitably powered trade associations would call a halt on production when accumulating stocks in any line

threatened trouble. And above all, temporary idleness, when it did occur, would no longer mean a diminution of purchasing. With full security in unimpaired incomes, workers would spend confidently, stocks would be rapidly reduced in consequence of this buying, and it would quickly be found necessary to call all workers back to their places once more.

Our increased production costs might and probably would, at least temporarily, open the way to increased imports of manufactured goods from countries in which wages are low and working hours long — which would necessitate safeguards in the form of such customs tariffs as might be equitable and adequate offsets; and it is also conceivable that our exports of manufactured goods might be temporarily and adversely affected. But, if costly periodical depressions were virtually eliminated through steady pay and auxiliary measures, it is more than probable that our net producing costs over a term of years would be reduced rather than increased — and that no permanent lessening of our exports would occur.

**B**UT to proceed with other aspects of steady pay. Its first and greatest effect, as already noted, would lie in the security and confidence which it would give to all classes of our citizens — and especially to workers in industry and business. But an outcome that would perhaps be as important would be the consequent development in industry and business of that sense of social responsibility which they now, as a whole, so sadly lack.



Let us consider, for instance, the matter of overproduction — which seems to be the forerunner of every collapse. It is becoming a fashion and a habit to blame this overproduction on invention and technical advances, in other words, upon “the machine age.” Labor-saving machinery, it is held, accomplishes such wonders that markets are glutted with goods while men and women are needed in diminishing numbers and unemployment spreads.

But a careful check-up would reveal that such machinery, of itself, is not responsible — or at least not responsible either to the degree alleged or over any considerable period. It must be remembered that, while improved machines have made consumers' goods cheaper and better and in greater variety, two great offsets have been continuously developing to what would otherwise indeed have been a tremendous and disastrous labor surplus. One of these has been the vastly increasing desire of the average human being for the products which labor and machinery jointly put forth — and his much enlarged ability, because of higher earnings, to purchase them; while the second great offset is the constantly decreasing number of labor hours per person which are available. The shortening of the work day and the work week have irregularly but persistently followed machine development; and a question might well be raised as to whether the reduction of working hours would not of itself have offset rather closely the employment effects of new machine efficiency — if industry and business had not persistently and recurrently destroyed the balance by their un-

governed excesses. Shorter working hours would surely have gone at least a long way toward restoring an employment equilibrium. Seventy-five years ago the twelve-hour factory day and the seventy-two-hour factory week were the common rule — whereas we now have the forty-four-hour work week in some sections and trades, with the forty-hour work week quite obviously at hand.

The major cause of overproduction would seem to lie in the irresponsible profit mania referred to earlier as the chief bane in every line of effort. This results in the recurring overexpansion of facilities, in night and day operation without any basis of technical necessity, and in the glutting of markets. Even when this glutting has become wholly obvious, operators try, by cutting wages and otherwise reducing costs, to continue selling and making profits — thus aggravating the condition and incidentally causing larger losses to others who have goods on hand that were produced on a higher cost basis. Industries in which there has been no very important machinery improvement in years are among those which periodically suffer most keenly from overproduction — resulting solely from the irresponsible overexpansion and overoperation of facilities.

And in business that is not of the producing type very much the same condition exists. Too many people rush recklessly into any and every line which for the moment seems to be profitable — while units already operating double and triple their activities. The inevitable results are the vanishing of profits for all or nearly all, the failure of many

enterprises, and the loss of thousands of jobs which credulous workers believed were permanent.

In all of which reckless and ill-guided proceedings steady pay would serve as a restraining influence of the first importance. To rush into an industry or business, or to double one's facilities or working forces in that industry or business, may be an alluring gamble when profits are current — and when it is only a question of whether the profits can be garnered before the line is overdone and collapse ensues. In such a venture one does not *now* have to think at all of what will be best in the long view for the industry or business — or for the community; and least of all need one consider what may become of unneeded employes when the new facilities become idle — or the business fails.

But with steady pay all ventures and expansions would call for greater forethought. Without considering at this time the powers and influence of the responsible trade associations which would be important factors in the steady pay programme, it will be seen readily that steady pay in itself would exercise a great restraining influence. The plunger or expansionist would have to face the solid and immovable fact that, in employing workers for his enterprise, he would be assuming something akin to a permanent responsibility from which escape would be at least very difficult — and evasion of which would disqualify him for any further career as an employer unless and until he fully discharged his liability to employes under the steady pay regulations. He would be required at the outset to make a very considerable

deposit in a steady pay fund as a part of his capital investment; and would thereafter have to conform to the prescribed steady pay system so that his employes, if the enterprise turned out badly, would not be thrown out of employment without full protection. The prospect would give pause, would suggest and inspire reasonable conservatism — so that projects finally entered upon would be better conceived and quite usually warranted by the long term outlook.

There are few lines which do not suffer from an unreasoning influx of new contenders for profits. In some sections of business and industry this influx is practically continuous, the number of newcomers being largely responsible for an equally constant succession of business terminations through liquidation or failure; while in other lines the inrush of new contenders is sporadic, occurring at times when these lines are prosperous or seemingly so — and vastly emphasizing the desolation when the inevitable happens. Newcomers from employe ranks commonly believe that by "starting for themselves" they are finding an avenue of escape from job uncertainty and hard work — and just as commonly find that they have plunged into uncertainties and labors such as they have not before known. Many succeed — and would succeed in even larger measure under a steady pay system; but for the great majority the only gain is in experience. For of these newcomers many are deficient in knowledge or ability or capital. They are all too frequently driven to desperate measures in their efforts to pull through — usually scoring no enduring bene-

fit to themselves, but bringing about the impoverishment and often the failure of others. The records of business mortality, with its tremendous and persistent economic losses, are such as to call into question the very sanity of our present methods of business procedure. In one rather easily entered business line the mortality amounts to thirty per cent yearly!

Under steady pay the greater responsibilities incurred would lessen the number of reckless plunges — but also the proposed system would work very strongly in another way toward the same end. The lot of the employe would be so much better and more secure that one of the chief incentives for economically uncalled for business ventures would be removed. The man holding a good job, with little chance of losing it and with steady pay assured, would hesitate much longer than he now does before risking his job, *and his savings and credit*, in any enterprise for which the need was not clearly defined and his own qualifications wholly beyond question.

So that, when the handicaps born of past expansive excesses had been

overcome by shortened work time for the individual and by growing normal consumption, industry and business would assume new sanity and stability; and, with the likelihood of further overexpansion greatly lessened, there would come the development and perfecting of that wholesome and voluntary restraint that is the very essence of all that our economic situation requires.

(It has been possible in this article to present the idea of steady pay in only a few of its major aspects and applications; but it may be said that the funds accumulated for the powering of the programme — chiefly through regular deposit, on prescribed schedules, of certain small percentages of all payrolls — could be made to cover such desirable objectives as payments to be made upon honorable discharge, upon retirement and as old age pensions. The organization for the accumulation, care, and administration of the funds — both those pertaining to individual enterprises and those designed for more general application — could be established on a rather simple basis making full use of existing banking facilities.)

