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WAGE RATES arouse debate

"I AM opposed to wage reductions." Thus, some days ago, President Roosevelt "clearly and unequivocally" expressed his desire that, despite the business recession, wage levels be maintained.

"The markets of American industry depend on the purchasing power of our working population," he said. "If we want to restore prosperity we must increase, not decrease, that purchasing power."

His statement was made at a press conference in reply to a letter which Benjamin F. Fairless, president of the United States Steel Corporation, had sent to the Senate Committee on Unemployment. Answering Robert H. Jackson, recently named Solicitor General, who said that steel prices are too high, Mr. Fairless insisted that "prices cannot be reduced without reduction in costs, of which wages are the most important part."

"Industrialists," said Mr. Roosevelt, "kill the goose which lays the golden egg when they keep prices up at the expense of employment and purchasing power. Industrialists kill the goose which lays the golden egg when they cut wages and thereby reduce purchasing power. Either policy is self-defeating and suicidal."

The President declared that many mass-production industries might lower prices without lessening wage rates. "A mass production industry depends on volume for profits," he asserted. "The only way to get volume up is to produce goods for a price the public will pay. A mass-production industry in its own interest should ask for its products what the people can afford to pay.

"But that does not mean that such price reductions can come out of wages. Those who believe in the profit system must recognize that those who get the profits when business is good must bear the losses when business temporarily is slack. Those who get the profits when industry gets the volume are the ones to bear the risk of such price reductions as may be necessary to . . . restore volume."

"If industries reduce wages," continued the President, "they will be deliberately encouraging the withholding of buying." In that case, he hinted, the government would return to a spending program to create purchasing power.

The President's remarks plunged the nation into brisk debate. Typical arguments are printed in the box on page 6.

CURRENT OPINION:

Can wages be maintained while prices are lowered, as the President asks?

PRESIDENT ROOSEVELT's statement on maintenance of wages during recession is sound. If wages were to decline immediately upon a recession, the continued cycle of business upswing and recession would cause a breakdown in the American standard of living.—*Alex Rose, New York state secretary, American Labor Party**

The President's pronouncement is in direct conflict with the economics of these problems. Rigid wage rates during a recession increase unemployment. Impairment of prospects for profits decreases capital investment, retards business activity, and increases unemployment.—*Walter E. Spahr, professor of economics, New York University**

Wages should not be reduced. Such reductions at this time would be as unsound as to practice bleeding to cure anemia.—*Homer Martin, president, United Automobile Workers of America**

The President makes three mistakes. First, high money wages now must cause high prices and thus hurt laborers as consumers. Second, business no longer gets the profit even with large volume. Third, the ones that bear no business risk should not share business profits.—*Lewis Haney, professor of economics, New York University**

You cannot cure depression by more depression. You cannot improve industrial conditions by lowering living and working conditions!—*David Dubinsky, president, International Ladies' Garment Workers' Union*

If all business is to be forced to cut prices to stimulate trade and maintain wages, regardless of whether wage costs can be recovered in selling prices, the operation will extinguish private profits. —*Chicago Journal of Commerce**

The problem is not so much one of maintaining a high rate of pay, but a high total amount of pay. Many workers receive high hourly rates, but their work is spasmodic and unsteady.—*Senator Allen J. Ellender (La.)**

No depression was ever cured by reducing wages and curtailing purchasing power. Good wages mean good business. —*Ellis Searles, editor, United Mine Workers Journal**

In a recession, wages unnaturally high hamper business and thus hamper employment. What is needed is to stop the recession itself—first, by more money or deposit currency, and, second, by confidence that business will be allowed to earn profits.—*Irving Fisher, professor of economics, Yale University**

(continued)

*Special to the LITERARY DIGEST

Labor in America will fight wage reductions to the bitter end.—*John L. Lewis, chairman, C.I.O.*

Prices cannot be reduced without adversely affecting wages, which are a large part of costs.—*Eugene G. Grace, president, Bethlehem Steel Corporation*

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