

## IDLE RESOURCES AND IDLE LABOUR

THE PROBLEM of unemployment has been the subject of a considerable literature in recent years. In this the matter has been attacked mainly from two angles—the trade cycle and monetary policies. The current theories of the trade cycle are for the most part monetary explanations, and so the approach to the problem of unemployment has been almost exclusively on the monetary side. Much stress has been laid upon the unemployment of labour while the unemployment of the other factors of production (especially land) has been slurred over.

An attempt to analyse these problems in a more concrete and realistic manner has been made by Professor W. H. Hutt in a recently published book, *The Theory of Idle Resources* (Jonathan Cape). He uses the term "idleness" as more appropriate to a discussion comprising the idleness of resources of all kinds than the term "unemployment" which is usually associated with unemployment of labour. His treatment consists mainly in a classification of the various categories into which idleness may be sub-divided with reference to the immediate causes which produce it.

The first kind of idleness is that of valueless resources. This is a class which does not include idleness of labour as unemployed labour is almost invariably worth something although it might not be sufficiently productive even to yield enough to provide the ordinary necessities of life. The idea of value here may cover either capital value or use value (*i.e.*, a charge for rental or hire). It does not follow that, because a thing lacks value in either or both of these senses, it should remain unused. Natural resources which exist in greater quantity than is needed (*e.g.*, marginal land) may economically be employed although they have no value. Prof. Hutt gives as examples of natural resources which may be employed though valueless, uncongested rivers and oceans. He does not mention that these resources have never been reduced to private ownership—and this is no doubt a consequence of the fact that being so abundant they are never likely to have any value unless they could be monopolized by one individual, a thing which is hardly conceivable.

The important practical case of this kind is marginal land. According to the accepted definition such land cannot have any rental value so long as it remains marginal land, but in a progressive society land is continually passing out of the category of marginal land and acquiring rental value. The anticipation of that change is sufficient to endow marginal land with a capital value (equal to the present worth or discounted value of the anticipated future rents). In a society which took the annual value of land for public revenue, land could never acquire a capital (or selling) value. In that case there could not be any refusal to allow marginal land to be worked without rent because of anticipatory capital value. Prof. Hutt, unfortunately, does not deal with this point. He does, however, say: "It is not usual for 'practical' writers and reformers to think of unexploited *natural* resources as 'unemployed.' But they are not essentially different, economically, from labour and *produced* resources." He goes on to remark that it is a fact of experience that natural resources which have acquired value seldom become valueless. He is evidently referring to rental value, because he proceeds to say that it is still rarer for land to lose all capital value, and that "the *continued* existence of some capital value in such land suggests that in spite of apparent idleness, some services of an income nature are being provided by it." It would seem that Prof. Hutt is thinking mainly of agricultural land, because his observation is notoriously contrary to the obvious fact of highly valuable unused urban building sites which are yielding no service whatsoever.

In regard to produced means of production Prof. Hutt indicates that there are likely to be few cases in which they are idle because they have no value, and the reason for their idleness must be sought elsewhere.

The next category of idleness discussed is called pseudo-idleness. Examples of this are uncompleted equipment or buildings in course of construction, and reserves or stocks of goods held for sale which perform the service of being available when required. A similar kind of idleness of labour

is found in occupations where a reserve of labour is needed, in which case the reserve is maintained by rates of wages during the period of employment which compensate for the period of unemployment. The higher wage during employment is, as it were, a retaining fee paid in order that labour may be continuously available. An example may be found in such a profession as that of barrister where the practitioner is not continuously employed but when employed earns sufficient to remunerate him satisfactorily. The case of the dock labourers is a classic example. The employers of this labour have been covered with abuse because it was said that the army of men standing by cost the employer nothing except for the actual hours they worked. The real ground of complaint was clearly that these men had no alternative field of employment open to them, and this was the reason why their wages were low and not because the employers forced them into this industry.

A somewhat similar case of idleness is what Prof. Hutt calls preferred idleness. The clearest example is holidays which yield an income of leisure which is preferred to money income. Where the holidays are "with pay," the pay is evidently earned during the working period although part of it is disbursed in the holiday period. Preferred idleness may also arise from refusal to take employment which is considered as of an inferior or degrading nature, or refusal to work because it is known that society will not allow the individual to starve. Such cases are sometimes the subject of bitter condemnation by persons in a superior social position who are also in enjoyment of preferred idleness.

Somewhat similar to the last case is one which Prof. Hutt designates as "irrational preferred idleness." An example of this is where during a depression workers refuse to accept wage cuts, although if they did so their wages would be greater than those they actually receive because although the wage rates are maintained the number of hours worked is reduced, or else some are employed and others become unemployed and thus the maintenance of the rates of pay for some is secured at the expense of others. Moreover the maintenance of the money rates of wages may be associated with unnecessarily high costs which keep up the prices of commodities and so reduce real wages. A full examination of this matter would require much space. It is a subject which has been treated by Mr Keynes, and it would seem that one of his arguments in favour of an inflationary monetary policy is that this is a means of maintaining monetary wage rates at their accustomed level while at the same time reducing real wages, and so in effect enabling employers to get cheaper labour without the workers realizing it. But Prof. Hutt asks: "Can workers in general be deceived 'for their own good' in a manner which will not necessitate further deceptions later on? What sort of authority can really be trusted to deceive workers 'for their own good'?"

An important case is that in which there is a monopoly in some industry, and a certain quantity of equipment is held out of use in order to restrict production, raise prices, and increase profits. The owners of the idle resources are rewarded by participation in the monopoly profits earned by those which are actually employed. On this account Prof. Hutt calls this type "participating idleness." The object of cartels or trusts is to raise prices and this is frequently attained by keeping resources idle. In practice the would-be monopolist is not able to achieve this result unless certain favourable conditions exist. For example, the product may only be producible from certain limited mineral resources which can be brought under one control, or competition may be restricted by tariffs bounties or other discriminations, or the state may deliberately restrict production or sales by means of quotas, marketing schemes, and other devices. State created monopolies have assumed gigantic proportions in recent times, both in agriculture and in industry. The plea that lower prices mean both lower profits and lower wages has enlisted in support of monopoly people who are in fact injured by it. In some cases workers in monopolized industries may enjoy somewhat higher wages than those in competitive industries and their immediate interests are

identified with those of the monopolist. The sympathetic or altruistic interest of other workers is also enlisted in support of monopolies by the idea that an attack on them will reduce the wages of persons employed in them, although no doubt the destruction of monopolies would result in more wages for all workers.

There may also be participating idleness of labour where those in some trade or profession are able to restrict entry to it. In this case the sharing of monopoly earnings may be carried out expressly by some organization or it may be left to chance, the amount obtained by each individual depending upon the amount of work he can get.

Where the monopolists arrange for machinery which is surplus to their plan of production to be destroyed, we are no longer confronted with idle equipment, for it has ceased to exist, and the wastefulness of monopoly is more effectively concealed. In many cases this step is not taken because the possession of idle equipment gives the owner an effective threat of competition in order to enforce his participation in the monopoly profits.

The result of monopoly may be, not that resources remain idle, but that they are diverted to other and less productive uses. We can no longer speak of idleness, and the waste caused by monopoly is concealed. Or it may happen that the equipment which might have been used in the monopolized industry never comes into existence at all. The money which would have supplied it is used for supplying equipment for some less productive industry. In this case the waste caused by monopoly is even more effectively concealed. As Prof. Hutt says idleness is one of "the most conspicuous (certainly not the most serious) forms of waste." "All monopolies—in other words, all *contrived scarcities*—involve enforced waste; but the different forms of idleness can only be *indications* of its presence. The absence of idleness does not imply the absence of waste." It must also be remembered that monopolization in one branch of production may cause enforced idleness in some other branch which requires the co-operation of the monopolized industry. The withholding of natural resources from use is an important example.

Although Prof. Hutt's study throws less emphasis than in our judgment it should upon the importance of land withholding, it is a valuable corrective to the current trend of economic thought which concentrates attention upon price variations. He emphasises that a pure price depression does not make the withholding of capacity more profitable, and that the study of idleness should concentrate on withholdings of capacity such as "monopolistic arrangements among the owners of natural resources and equipment." We must examine those social institutions which permit the "contrivance of scarcities" if we are to find an effective remedy.

F. C. R. D.

The *Nottingham Guardian*, 13th July, 1940, property market column, tells us that: "Quite an army of speculators are busy all over the kingdom. They are on the look-out for a property to be had cheaply—where the owner is hard up or nervous of air raid results—and rely on an early end of the war, which would be sure to mean a substantial rise in values."

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Letter in *The Times*, 28th June: "Every day one hears cases where Government Departments are taking land and houses, compulsorily or by agreement, at from twice to five times their usual annual value. May I venture to suggest that owners or land agents who accept such extravagant offers from Government agents are guilty of unpatriotic and improper conduct? Surely there is no reason why the Government should pay more than a private person would be asked to pay for premises or land."—Mr C. E. BECHHOFFER ROBERTS, Leylands Farm, Abinger Common, Surrey.

The guilt lies surely not with the owners or land agents who accept the offers but with the Government agents who thus squander the public money with which they are entrusted. It is an example of the abuses always attaching to public land purchase, made to seem ten times more disgraceful when they happen in war time.

## THE MAN WITH THE HOE

By Edwin Markham

"God created man in His own image, in the image of God created He him."

Bowed by the weight of centuries, he leans  
Upon his hoe and gazes on the ground.  
The emptiness of ages in his face,  
And on his back the burden of the world.  
Who made him dead to rapture and despair,  
A thing that grieves not and that never hopes,  
Stolid and stunned, a brother to the ox?  
Who loosened and let down this brutal jaw?  
Whose was the hand that slanted back this brow?  
Whose breath blew out the light within this brain?

Is this the Thing the Lord God made and gave  
To have dominion over sea and land;  
To trace the stars and search the heavens for power;  
To feel the passion of Eternity?  
Is this the Dream He dreamed who shaped the suns  
And pillared the blue firmament with light?  
Down all the stretch of Hell to its last gulf  
There is no shape more terrible than this—  
More tongued with censure of the world's blind greed—  
More filled with signs and portents for the soul—  
More fraught with menace to the universe.

What gulfs between him and the seraphim!  
Slave of the wheel of labour, what to him  
Are Plato and the swing of Pleiades?  
What the long reaches of the peaks of song,  
The rift of dawn, the reddening of the rose?  
Through this dread shape the suffering ages look;  
Time's tragedy is in that aching stoop;  
Through this dread shape humanity, betrayed,  
Plundered, profaned, and disinherited,  
Cries protest to the Judges of the world,  
A protest that is also prophecy.

O masters, lords, and rulers in all lands,  
Is this the handiwork you give to God,  
This monstrous thing distorted and soul-quenched?  
How will you ever straighten up this shape,  
Touch it again with immortality;  
Give back the upward looking and the light;  
Rebuild in it the music and the dream;  
Make right the immemorial infamies,  
Perfidious wrongs, immedicable woes?

O masters, lords, and rulers in all lands,  
How will the Future reckon with this Man,  
How answer his brute question in that hour  
When whirlwinds of rebellion shake the world?  
How will it be with kingdoms and with kings—  
With those who shaped him to the thing he is—  
When this dumb Terror shall reply to God,  
After the silence of the centuries?

General Sir Ian Hamilton, addressing the British Legion in Edinburgh (*Sunday Times*, 30th June), said that "France was suffering from heart disease and dropped in a faint. We confidently hope to have a hand in shaping historical events so huge that they promise to surpass anything that has happened since the Siege of Troy. To-day Hungary and Transylvania, Rumania, Russia and the Black Sea are walking into the picture, not to speak of Turkey and the Dardanelles. That is why I congratulate you all so very heartily on being alive when life has become so gloriously exciting."

Let the sword flash with its glittering rewards. The militarist has contemptuous compassion for the dull existence of peaceful men following their peaceful occupations.