

**H**UMAN progress has been marked by man's striving for security and freedom. At one period or another in history the struggle for freedom appeared to predominate. For centuries men have sought escape from oppression and tyranny, and freedom to worship, write, and speak as they think; to meet together and protest a wrong; to vote and change their government. The quest for civil and political liberties has been of primary concern for countless millions all over the world. In many lands the contest to achieve these liberties is still on; in others it is just beginning.

Economic freedoms have played an increasingly important role in the struggle for the broader freedoms. These have included the right to join unions, to quit one's job, to strike; the right not to work, and the more persistent and less easily achieved right to work; freedom to choose one's occupation, to change jobs, to invest one's savings or to keep them idle; freedom from unfair competitive practices, economic oppression, and government competition and government regulation; that is, the protection of free private enterprise.

Freedom in its simplest terms has been defined as "ability to do what you want."<sup>1</sup> But freedom for everyone to do what he wants is not necessarily the sole purpose of organized society. It is obvious, of course, that if everyone exercises this privilege, the freedom of many others may be severely curtailed. This is especially true in regard to the economic freedoms. With the right to join unions has been associated the right not to work alongside those who choose

not to join such unions. The right not to work, when exercised collectively through strikes, deprives millions of their individuals of essential services and may deprive them of their freedom to go about their daily affairs unmolested. The right to choose an occupation may lead to overcrowding of certain occupations and professions and endanger the standards of all. The right to withhold one's savings from investment may lead to joblessness and low wages. Here are obvious conflicts of rights.

Since not all freedoms are of equal importance to each of us, we begin to establish priorities, indicating those freedoms which may be compromised or curtailed in the interest of a greater freedom for ourselves or others. Such compromise is decidedly dangerous, for by it we discard the idea that all forms of freedom are inalienable and seriously restrict certain specific types of freedom. And the idea of priorities obviously suggests that someone will have to determine the relative importance of certain kinds of conduct.

THE GOAL OF ECONOMIC SECURITY

The driving force in this ideological revolution of freedom has been the desire for security. Hunger and poverty, unemployment and low wages, and economic oppression and job insecurity have long been recognized as serious obstacles to freedom, although "freedom from want," to name but one of the Four Freedoms of this day, was not consciously considered to be one of the essential objectives in the quest for freedom a century ago. In this decade it became a major slogan in the world's greatest war, a plank in the Atlantic Charter, a goal of the United Nations.

The challenge confronting the twentieth century is that of universal economic insecurity which subverts the very freedoms won in past centuries. The scars of depression and unemployment have cut deeply and millions of people seriously question the economic basis for personal and social security. Many in this Nation are of the conviction that the preservation of our democratic institutions depends upon our ability to manage our affairs so that the vast majority of the population is protected against the hardships of unemployment, old age dependency, illness and disability, and to this end social institutions and programs have been fashioned.

Is there a conflict between the quest for security and freedom? Is security to be won only at the price of liberty? Is planning for security the road to serfdom? Is freedom possible under planning? Next to the problems of war or peace, the central issues in our democratic society grow out of our efforts to shape our social and economic institutions so as to provide maximum security without compromising our basic freedoms.

SCIENCE AND SECURITY

Science and modern technology have a great role to play in man's search for both security and freedom. The wartime role of science has focused public attention on scientific development, brought forth unprecedented funds and public support, and stimulated research on a national and international scale. The ever increasing industrial application of scientific discoveries will influence men's lives and livelihood to an unparalleled degree. Will it be a bane or a boon? Will it make for bigger economic cataclysms or contribute to the control or elimination of depressions? Will it ease the life of the toiler, raise the standard of living of the mass of workers and increase economic security?

From a scientific point of view, the possibilities are fantastic!

The scientific revolution has given man power to manipulate material things to a degree never before dreamed of. It has made it possible and imperative that he change his former way of living and self-maintenance, his manner of farming, manufacture, travel, and communication. These are fundamental changes, many of which have occurred in the short period of less than two centuries and the most significant of which, in fact, have come about in very recent years. The far-reaching changes have so enlarged man's knowledge of this planet and the utilization of its resources as to make attainable the creation of a new world of rich possibilities. The fear of war, growing out of the invention of the atomic bomb, has, for the time being, overshadowed the hope that scientific discoveries, especially of the revolutionary character of atomic energy, may vastly enrich human life. Science is rendered suspect when it is used to produce horror rather than happiness and peace.

The scientist in the laboratory has played a vital part in the building of modern industrial civilization. Man's greatest hopes in conquering the giant evils of disease, malnutrition, and poverty are founded upon the contributions which could come from scientific research. But not until the pulverization of the Japanese cities by atomic bombs on August 6, 1945, did we realize the power, the opportunities, and the dangers inherent in such investigation. From that moment science and research became the tools of government. The progress of science and the advance of civilization have always been intimately interwoven. The relationship has now become positive and direct rather than incidental.

The technological developments resulting from scientific discoveries have

released millions of workers from the production of the basic necessities of life, increased the productivity of farms, mines, and factories, and raised the standard of living of this and many other nations. Thus there has developed in the United States an economic civilization which produces all of its foodstuff with less than 20 per cent of its employed population and which engages a lessening number of people in manufacturing and more and more in providing services. A progressive technology is sifting increased numbers of men and women into the expanding professions in the school and church, public health and social security, recreation and entertainment, the fine arts and the sciences. But we stand merely on the threshold of great advances. Not tomorrow or the next day, but in the next generation the application of the findings of science will ease the problems and burdens of life.

POTENTIAL ABUNDANCE

The economic consequences of the scientific revolution are made manifest in the volume of goods and services produced, the kind of work people do for a living, the length of the work day and work week, and the possibilities of economic security. Men have always struggled to provide the necessities of life. Their economic security and standard of living were circumscribed by the limits of industrial technology and more production rather than more equitable distribution was the needed weapon in the battle against poverty. This is no longer true today and, confining my analysis to the United States, in physical and engineering terms an era of scarcity in this Nation is an anachronism. The solution to the quest for more goods is known. Modern technology has made an era of economic abundance a practical possibility. The practical abolition of poverty depends

upon the ability and willingness of men to perfect the institutional arrangements which make possible the full utilization of human and physical resources. Our war experience provides conclusive evidence that, given the incentives, we have the capacity for a standard of living such as appeared utopian only a few decades ago.

Full employment during the war years indicated the possibilities of the application of modern technology to production. We learned that the production of goods and services needed by the people is limited only by the capacity of the Nation's technology and the willingness of men and women to hold jobs. We learned that a national income goal of 100 billion dollars, which seemed a desirable objective to the National Resources Planning Board in 1939, could be achieved easily and even surpassed. Thus in 1945 the value of our national production approximated 200 billion dollars—almost four times the 55-billion-dollar value of our national production in 1933. Such a volume of production in peacetime makes possible a phenomenal increase in the quantity and quality of goods and services, food, clothing, and shelter, and in the amounts available for education and health, recreation and the arts. Modern methods of production applied to industry have resulted in phenomenal increases in productivity in the manufacturing industries. Applied to agriculture, although fewer acres were plowed in the United States in 1942 than in 1918, 50 per cent more food was raised in the later year in the largest and most diversified crop ever harvested. Employment in the professional and service occupations has been expanding steadily since 1900, while during the same period millions of workers have been released from agriculture, and manufacturing has had less than a proportional increase in employment. An increasing proportion of

workers are employed in large enterprises. The opportunities for independent work have been diminishing, largely because of the decreasing number of persons who make their living in agriculture. Hours have been steadily reduced and the 8-hour day, 5-day week is becoming the standard work week in most of our industries.

AN UNSTABLE ECONOMY

A society of abundance has not been achieved in spite of this country's technical capacity to accomplish it. A large proportion of our people have less security, less time for unworried living than their fathers or grandfathers. We have failed by a wide margin to provide security and a standard of living made possible by our resources. Our economic system is not built for stability, and unemployment is still the outstanding economic problem of our age. Full employment during the war and postwar transition period is recognized by all as a special situation, induced by government spending. And the postwar labor shortage is not assumed to have more than temporary significance. Sooner or later we shall return to the employment fluctuations and instability which characterized our economy in the prewar era. Thus the paradox of poverty and destitution for many, job insecurity and low standards of living in the midst of possible abundance. The United States has developed a highly industrialized and urban economy. The great proportion of its people depend upon jobs as their sole source of income. The existence of jobs depends upon decisions made by others, by thousands of individuals who are willing to take the risks without which production will not be carried on. The prospects of profits are influenced by a complex of competitive, political, and international forces—forces often not subject to the control of the em-

ployer upon whose decision the jobs depend. Our job economy is therefore an unstable economy. Twice in twenty-five years, and in both instances as a result of a world war, have we had full employment.

In many respects the instability is accentuated by the technological developments which are an outgrowth of the scientific age. These developments, for example, have made possible a steady and often relatively rapid increase in productivity and a resulting reduction in consumer prices. Unless we are prepared to deal rapidly with the increasing frictions created by monopolistic institutions, whether of businessmen or labor, which block necessary and possible price reductions, the economic consequences which follow only aggravate the problem; prices fail to fall, demand declines, and unemployment may increase. We rely upon competitive forces to create necessary adjustments. We assume that equilibrium will be established at full employment of our resources and manpower. What is often overlooked, however, is that the very economic forces which are supposed to maintain such an equilibrium and provide necessary adjustments in prices are being increasingly weakened by counterforces and institutions, some of which are created to protect society against the effects of technological changes.

Such counterforces are manifested in the increasing rigidities in the wage structure; the effect of collective bargaining and union methods in resisting wage deflation; the effect of unemployment compensation benefits upon similar resistance to "adjustments," and upon labor mobility; the influence of "administered prices," made possible by the increasing size of the business unit; the role of the monopolistic or semi-monopolistic industries; the influence of government wage controls and mini-

when our ideals appear to be endangered by our failure to change.

THE ROLE OF GOVERNMENT

The quest for security and job stability—the central problem of this generation—has led to a larger degree of government planning than the people of the United States have ever experienced in time of peace. Our experience during the two world wars indicates that we have the technical and administrative know how and the human and physical resources to provide the physical and cultural needs of our people on a higher standard than we have ever before known. Our mass production methods and capacity must be matched by a program to provide mass consumption if industry is to operate steadily at a capacity rate.

Our experience thus far suggests that the full utilization of our economic resources must be planned. It won't just happen, except for a time. Equilibrium is temporary and may, in fact, be achieved at a point considerably below the full use of the Nation's industrial facilities and resources. Government must act positively in such an undertaking. It must not wait for disaster, but must underwrite the demand for goods and services for the entire population in such a manner as to assure a market and thus stimulate risk-takers to produce. The danger of a negative role, of waiting for the collapse of markets and unemployment, is too great. A peacetime incentive was forfeited and compelling as war must be found for the successful achievement of full employment.

The backlog of unfilled orders, of productive work representing unfinished national business is tremendous. In the field of housing there are long-range obligations and opportunities. Nearly one half of our houses are below minimum standards, deficient in the basic

requirements of light, air and room. Slum conditions are found in every city in the land. There is need for some eight to nine million housing units to replace old ones; five to six million additional units to make up for the wartime lag in housing, for the increase in population and new families. Only a full employment economy can make possible an expenditure of 8 to 9 billion dollars a year for such a purpose. The role of government is to stimulate the entire program, but particularly to help low-income families obtain decent houses. One third of the housing needs are estimated to be for families which cannot pay more than \$30 per month; another third have monthly rental limits of \$30 to \$50. Private construction enterprise must be relied upon to restore and maintain the Nation's housing, but government aid is needed both in planning and in subsidizing housing for low-income groups.

The Nation's obligations and opportunities in the field of health are also large. Sickness and disability in the United States, despite incomparable skill and achievement in medical science, represent a colossal waste of manpower and resources. The findings of the local Selective Service boards that about 40 per cent of the registrants were unfit for military service represent a measure of the task before us. More doctors and dentists are needed. Services in hospitals and clinics must be expanded; investigation and research increased; and good public health service extended throughout the Nation. And the financial hurdle which stands in the way of needed medical services for millions of people must be overcome.

The frontiers can also be pushed back in our natural resources. Our river valley developments offer rich opportunities for exploiting a wasted natural resource, raising the level of living for millions by land conservation, forest

nize that in such a society everyone is not free to do what he wants.

The realization of full employment would in some measure restrict the freedom of private enterprise and the direction and perhaps the location and volume of investment, and extend many encroachments already established. It would undoubtedly involve an extension of public control over the labor market. Such controls need not be as drastic as those which restricted the choice of occupation and labor mobility during the war, but would probably extend considerably beyond the prevailing regulation of the labor market. This may call for some form of control and guidance of labor mobility, job registration, notification of vacancies, and choice of occupation.

A full employment plan may also involve decided restrictions on the freedom of collective bargaining, especially as it influences the regulation of wages. If planning for security and full employment involves a conscious determination of production goals, it follows that competitive wage rates cannot be permitted to draw labor away from high priority programs. The Beveridge analysis emphasizes that if full and free collective bargaining is retained, the attitude of the parties to the bargain must be changed from that which prevails at the present time.<sup>2</sup> "All the familiar methods of adjusting wages are quite inappropriate to the demands of economic planning."<sup>3</sup> One need not decide whether the alternative to the tussle over wages is some form of voluntary arbitration or legal regulation, or a reliance upon the wisdom and self-discipline of the parties involved. It is only necessary to indicate that if security is our goal, certain accepted

<sup>2</sup> William H. Beveridge, *Full Employment in a Free Society* (New York: W. W. Norton & Co., 1945), pp. 198-201.

<sup>3</sup> Wootton, *op. cit.*, p. 115.

forms of individual and group conduct will be seriously curtailed.

There is little or nothing in the proposals for planning for security and full employment which endangers the freedoms upon which we rely most—the civil and political liberties, the free choice of our cultural objectives, the right to exercise our freedom as consumers, the right not to work. These need not be endangered by planning for full employment and economic security. Failure to plan in this age of unexampled scientific development and technical change may, in fact, expose our freedoms, civil, political and economic,

development, rural electrification, and providing productive work opportunities for an estimated one million men for more than a decade. The Government has a responsibility in stimulating private investment in all areas through credit policies and the maintenance of maximum competition consistent with economic stability.

Our social security structure must be enlarged with universal coverage for the major economic risks faced by an industrial population. Some of these risks, such as illness and disability, are not provided for in our present scheme; for other risks the benefit scale is admittedly inadequate and the coverage restrictions exclude nearly one half of our labor force. We insist, and properly so, that the employer, in the interest of maximum efficiency, should be free to dispense with a worker's services at any time. We encourage technological improvement with its consequences in labor displacement. We cannot shirk our obligations to provide a minimum income to those who pay the price of freedom to hire and fire. In fact, a comprehensive and adequate social security program is the simplest way for a dynamic society to pay for the cost of change and reduce resistance to scientific developments and their technological consequences. Since jobs are the sole source of income for most people, and since job security is still an elusive goal, security of income, or at least partial income, is the simplest method of dealing with the major consequences of instability which is the product of economic freedom. To be sure, a social security program further extends the role of government in economic affairs.

These are bold commitments—peacetime planning on a grand scale. The firmer the undertaking to underwrite the market, the less government is likely to be called upon to meet it. The as-

*William Haber, Ph.D., is professor of economics at the University of Michigan, Ann Arbor. He served as director of planning for 1945 and as adviser on manpower and labor relations to the Director of War Mobilization and Reconversion during 1945. He has been closely associated with the Advisory Commission on Social Security in 1938-39; chairman of the Michigan Social Security Study Commission and a member of the Michigan Unemployment Compensation Commission in 1937; and chairman of the Committee on National Resources Planning Board. He is author of several books in the fields of industrial relations and social security and a contributor to various journals in the fields of public welfare, social security, and industrial relations.*