RELIEF OF UNEMPLOYMENT

By W. M. Holland, Executive Secretary, Indiana Highway Constructors, Inc., Indianapolis

Because of the nation-wide depression and resultant unemployment the Honorable Harry G. Leslie, Governor of Indiana, several months ago called a conference of business leaders, public officials, representatives of organized labor, and others to consider ways and means of relieving unemployment in Indiana. I was selected as a member of the Executive Council of this movement, with the President of the organization which I represent. We recognized its importance to the State and from the inception of the movement we have therefore, given unsparingly of our time and effort to relieve the situation.

Under the guiding hand of the Governor and through coordinated effort as directed by the Executive Secretary of the Conference, Dr. John T. Hewitt, the movement has reached all parts of the State. The plan of organization follows closely the form used in the National Council of Defense, with a chairman selected from each of the counties of the State to complete organization for the county, and to conduct a survey of conditions within the county and to apply the recommendations of the Executive Council for relief of unemployment local to the county.

In the deliberations of the Executive Council, as well as of the Advisory Committee, it was generally recognized that one of the most effective and immediate sources of relief for unemployment would be through public improvements. Private capital does not readily invest in expansion, or excess production, when the market outlook is questionable or on the down grade. Moneys expended in public improvements are derived through taxation and are used to purchase a given improvement at the lowest possible price, and not from the standpoint of an investment upon which the taxpayer expects to realize a dollars-and-cents return as in commercial investments and expenditures. I believe such differentiation in the expenditure of public money as against the investment of private capital suggested to the Conference the wisdom of undertaking public improvements on a scale consistent with existing conditions.

Notwithstanding the attitude of the Unemployment Conference with reference to public improvements, and although I am here today to advocate that public improvements be undertaken on a broader scale, it is not my purpose to advocate the expenditure of public funds for construction unless such expenditure would be profitable and represent a sound investment. In order that I may appeal to you to undertake con-
struction work my premises must be that it would be sound business and sound statecraft for you so to do.

When President Hoover turned to the construction industry as a tool with which we could secure prosperity, and advocated the construction and maintenance of highway and other works, improvements and betterments of all kinds, he brought out that it has long been agreed by business men and economists that this construction should be used as a balance wheel for the benefit of all industry. Great benefits would be derived from such work, and there would be no liabilities developed. A great mass of wage earners are involved directly and indirectly in the construction industry. In good times, work can well be slackened, while in bad times it can be increased, thus stabilizing conditions. No one advocates production beyond our power to consume.

Analysis of Present-Day Costs

Now from the standpoint of the cost to the political subdivision let us see with reference to highway work what the costs were in the year of 1930 as compared with 1929. In Marion County, Indiana, for the year of 1929, hard-surfaced roads cost on an average of $28,280 per mile; in 1930 for the same county the cost was $23,450 per mile, or nearly $5,000 per mile less in 1930 than the cost for the preceding year. What difference, if any, is there in cost for roads built during the two-year period by the Indiana State Highway Commission? In 1929 the average cost per mile on contracts let by the State was $26,983; for 1930 the average cost was almost $2,000 per mile less at $25,061 per mile. The examples cited are sufficient to indicate, conclusively I believe, that 1930 costs are considerably less than the costs for 1929; and it may be added that in the construction industry we are on a declining market so that any public improvement contracts undertaken at this time are certain to represent a sound investment from the standpoint of the tax-payer's dollar.

We are frank to say that those of us identified with the construction industry should much prefer to see a stable market; yet we realize that materials, labor, and steel have all taken a reduction and that this condition, along with the keen competitive bidding, has served to force prices down to an unusually low level. The likelihood of a price advance in 1931 is indeed remote, and I believe it would be foolhardy to predict an advance unless by some magic we should find ourselves quickly pulling out of the existing depression.

Let us analyze the present market from the standpoint of investment for the county and township in the matter of public improvements. As we all know county and township roads are built by bond issues, such bonds as may be issued being serial and maturing on either a ten- or a twenty-year basis.
In other words, bonds issued at this time for public improve­ment contracts would mature not earlier than 1941, so that investing at this time on an extremely low market, with the investment to be paid off as time goes on and undoubtedly on a rising market from the standpoint of the cost of construc­tion, would be obviously profitable to the political subdivision, and a sound expenditure of the taxpayer’s dollar.

Assuming that I have established by this process of reason­ing the wisdom of public expenditures at this time, may I not ask whether or not it becomes a duty or an obligation, or both, upon the public official to give the matter of providing employ­ment for the unemployed his very serious consideration? Our unemployed are citizens and many of them taxpayers. Some of them have investments in property, and otherwise, that they desire above all else to protect. Those citizens and tax­payers and their investments are an asset to the municipality, the county, and the state. We can best help them to help themselves by providing employment, and so long as the ex­penditure of the taxpayer’s dollar can be made to represent a sound investment, it is my firm conviction that it does become a duty and an obligation upon the public official to survey the conditions of his community to ascertain the extent of unem­ployment, and then to address himself to the matter of relieving this unemployment through the expenditure of public funds for needed improvements, and through other agencies that may as readily lend themselves to sound investment.

In conclusion, I have frequently referred to public improve­ments contracts; I ordinarily think in terms of contract work because I believe it affords the most effective avenue for relief, and likewise most effectively safeguards the economic expend­iture of the taxpayer’s dollar. This does not mean, however, that maintenance of our township, county, and state roads should not be considered in this relief program. Maintenance, additions, and betterments of our institutions, repair to county bridges and other equally important functions of our govern­mental units, all these would readily lend themselves to such relief work; and I would ask you, as public officials, in co­operation with the Governor and his unemployment move­ment, to give these matters your serious consideration with the view to applying the principle herein set down to what­ever needed work there may be in your respective communi­ties.