

Freedom's Secret Economic Weapon

Gilbert E. Jackson

IN both the United States and Canada during the past generation we have increased the physical volume of production of goods and services, per man-hour, at an average rate of almost exactly $2\frac{1}{2}\%$ per annum.

This may appear to be a relatively unimportant matter. In truth, however, it is one of the most significant economic facts in the world, for it explains why the people of the free world, benefitting by North American leadership, will inevitably overcome and outlast the Soviet Union and its satellites.

This average increase in output per man-hour, of nearly $2\frac{1}{2}\%$ annually, corresponds with an average increase in productive capacity of almost exactly 28% during each 10-year period, from any given date. It indicates that our output per man-hour doubles in every 28-year period. If this is so, and we may fairly conclude that it is, we may expect that between 1952 and 1980 we should just about double our current average output per man-hour, so long as we maintain the existing rate of increase.

Since the collective income of all Canadians added together, is nothing more nor less than the sum total of what all Canadians, working together, can do and produce—or else secure by trading some of their products for the products of other folk abroad—it follows that if our output

per man-hour can be depended upon to double, under certain conditions, within a stated period, then our average income per person can be trusted to double within the same period.

II

LET us consider for the moment, however, the problem of output per man-hour and its relationship to the kind of life we choose to lead.

In the free society of Canada and other Western democracies, it has been possible in peace-time to collect the benefits of our progressively growing output per man-hour in almost any form we happened to choose. Whatever goods we produced and were prepared to pay for, Canadian industry willingly produced. If, instead of seeking to increase our material comforts, we preferred more leisure time, whether by shortening the work week or by indulging in a bit of truancy to go fishing rather than punching the time clock, we did so. The choice was ours by right as free men and women. Over the past century we have gradually shortened our work week. Statistics show that on the average the work week has been reduced by something like 12 minutes every year. Nor is the end of this progressive reduction of the working hours of the Canadian people in peace-time yet in sight.

So long as we can continue to increase our average output per man-hour it will remain our right to make the basic choice as free individuals between more leisure and more material comfort.

III

IF in a given time our per man-hour output increases by $2\frac{1}{2}\%$, then we can *either* live as well as before, in a material sense, but no better, and shorten our work week by $2\frac{1}{2}\%$, collecting the benefits of current material progress in the form of increased leisure. *Or*, we can work the same number of hours as before, claiming no more leisure but rather living in a material sense $2\frac{1}{2}\%$ better than we did in the preceding year. That is to say we can take all the benefits of increased output per man-hour in the form of greater material comfort.

Alternatively, we may compromise and take part of the benefit of increased productivity per man-hour in the form of greater leisure and part in the form of increased material comfort. The experience of recent years suggests that Canadians have for the most part chosen this latter alternative and enjoyed the benefit of increased output per man-hour in terms both of increased leisure and more material comfort.

This free exercise of individual choice characteristic of contemporary Canadian society has resulted in a slight reduction in the length of our average work week sufficient to offset and neutralize about one-fifth of our annual increase in per man-hour output.

The net result, therefore, is that our average output per man-year has increased on the average by just about 2% per annum, rather than by the above noted figure of $2\frac{1}{2}\%$. These figures apply equally for the United States as well as for Canada. It follows, therefore, that we have been doubling our average per man-year output, and, by the same token, doubling our average *real* income per person, at the rate of once in each 35 years.

If we can maintain continuously this rate of progress, it means that within less

than 100 years we can increase sevenfold both our average per man-year output and our average *real* income per person. In other words, even the man in the street may look forward to enjoying in the foreseeable future comforts and living standards which today would be regarded as the prerogative only of the rich.

So far as we are aware this rate of economic progress has never before been matched in human history. Even today it is unequalled anywhere outside the North American Continent.

IV

ALL of the foregoing has been true for a considerable period of time. It remained true until we were confronted with the necessity, not long ago, for larger scale peace-time rearmament.

No sooner did we find ourselves obliged to shoulder this new burden than a third factor entered into the picture. Our concern with comfort and leisure was involuntarily broadened to include that freedom from fear which the rearmament programme of Canada and the other Western democracies is intended to provide.

If, before the rearmament programme became a grim necessity, it was possible as a result of continued industrial progress (together with some further slight increase in leisure) to increase our average output per man-year by 2% per annum, it then follows that, *so long as the scale of rearmament requires no more than 2% of the productive capacity of the Canadian people*—but only within that very narrow limit—we may continue to do three things:

- (a) rearm;
- (b) continue gradually but very slowly, to shorten the work week;
- (c) maintain the same standard of material comfort which we enjoyed before rearmament began but abandon any thoughts of *improving* our living standards.

In other words the necessity of rearmament will probably result in a "freezing" of our standard of living. It need not,

however, actually lower the standard which prevailed before the rearmament programme became a reality.

V

WHAT then would happen were our defence needs to increase to the point where they required *more* than 2% of the productive energies of the Canadian people?

Right now that is the Sixty-four Dollar question. The foregoing considerations lead inevitably and inescapably to the following conclusions:

- (a) If we continue progressively to shorten our average work week, we shall then find ourselves compelled to pay for the privilege in terms of a reduction in our material standard of comfort in at least a like proportion.
- (b) If we abandon for the time being all thought of shortening our average work week and instead choose to remain at work during this period of crisis for the same number of hours per week as before the rearmament programme began, then we must be prepared as soon as the needs of rearmament demand more than 2½% of our people's productive energy (and progressively, thereafter) to reduce our material standard of comfort in like proportion.

In either event, we shall find ourselves somewhat worse off and perhaps increasingly worse off in a material sense, than we were before embarking upon the rearmament programme.

- (c) If, however, we were to choose instead voluntarily to lengthen our work week we could increase our aggregate volume of production by more than 2½% annually. In other words we could substantially better the rate of increase in productive capacity which is usual nowadays in a work week of constant length.

The consequence of extending the hours of work for manual operations in industry tends, it is true, to produce fatigue and thus to lessen the output per man-hour towards the close of the day.

In mechanical operations, however, this is not necessarily the case.

Today most operations are mechanical. One by one, moreover, those which have obstinately remained manual are gradually being mechanised.

Thus the potential increase in output of goods and services which may be achieved by lengthening our average working week is substantial indeed.

It follows, therefore, that within the broad limits of a lengthened work week the potential increase in production is such that we would be able to maintain a great and costly rearmament programme without reducing at all our material standard of comfort.

VI

IN Canada we have not thus far shortened the normal work week to the same extent as have our neighbours in the United States. The average hours of labour in manufacturing industries in this country, for example, in 1950 worked out at 42.3 hours, while the corresponding figure for the United States was 40.5 hours.

Nevertheless, recent reduction in the average hours of labour have been very substantial.

The national average work week in Canadian industries during November, 1944 (the first month for which authentic figures are available) was 46.3 hours. In 1950 it was only 42.3 hours which indicates a reduction of four hours in the work week.

The national average for the first five months of 1951 is exactly 42 hours. In other words, over the seven years or so there has been a curtailment of work hours in Canadian factories at an average of 4.3 hours in every work week.

So long as circumstances remained as they were, until a little over a year ago, the reduced working hours constituted a distinct social gain which reflected the

free choice of the Canadian people in a time of peace and relative security to reap the dividends of technological advance in the form of greater leisure.

VII

THE conditions under which this choice was made are, however, no longer with us. Canadians recognize that 1951 is not a time of peace and security. We know if we are to remain free, whatever the cost, we must rearm ourselves adequately and with expedition. We face this task in a time of full employment. There are today no reserves of unemployed machines and unemployed workers such as we had to fall back upon in 1939.

We can, of course, undertake to defend ourselves, on any scale which may prove necessary, at the same time reducing our material standard of comfort.

Meanwhile we still remain conscious of wants unsatisfied. No matter what emergency may confront us, few people relish the prospect of a reduced living standard. It behooves us, therefore, to recognize that in fact we need not face any such unpleasant prospect. There remains always the obvious alternative of putting in more work hours than at present so

that we may maintain today's living standards, and at the same time, provide the ships, planes, tanks and guns which we so urgently require.

VIII

MARXISM'S gospel of hate includes boastful references to the "concealed weapons" of the Kremlin. It is heartening, therefore, to recognize that despite Moscow's claim to superior might, there are weapons essential for survival which the Soviet Union utterly lacks and which we have at our disposal.

The time so forthrightly lopped off our work week since 1944 has now become a priceless asset in the armoury of North American defence. The reserve of leisure—of more hours today—may fairly be called our own "concealed weapon." It is a weapon of immeasurable power which whenever we please, and for as long as we please, we are at liberty to invoke.

With it the people of Canada and the United States, together with their Allies, can defeat any aggregation of military strength which Moscow can command.

No one knows this better than the men in the Kremlin.

Theory of Life

The greatest business of life is to be, to do and to do without.

JOHN MORLEY