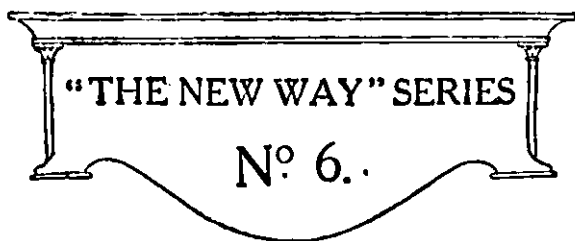


THE  
EBB AND FLOW OF  
UNEMPLOYMENT  
BY D. H. ROBERTSON.



PRICE SIXPENCE.

THE DAILY NEWS LTD.,  
BOUVERIE STREET, LONDON, E.C.

"THE NEW WAY" SERIES

VI.

The Ebb and Flow of  
Unemployment

*By*

D. H. ROBERTSON.

## NOTE.

*In these post-war years all accepted political doctrines are undergoing challenge, and a vast number of intelligent people have lost the anchorage of political principle, and are drifting in bewilderment on a sea of conflicting ideas.*

*The pamphlets of which this is one are designed as a contribution towards clarifying this confusion. They are issued under the auspices of the Council of the Liberal Summer Schools. But they are not intended to preach a rigid party orthodoxy. Their aim is constructive study and enquiry rather than dogmatic assertion or acrid denunciation. Some of the writers are not even professed adherents of the Liberal party. But all have been invited to write because they have given special study to the subjects with which they have to deal. And all are united by two beliefs: the first, a deep dissatisfaction with many aspects of the existing order, at home and abroad; the second, a conviction that these evils cannot be cured by the glib repetition of sweeping formulæ, or by violence or class-conflict, or by mere destruction, but only by hard thinking and good will.*

## THE EBB AND FLOW OF UNEMPLOYMENT

**I**T is my embarrassing privilege to address you for forty-five minutes on the most difficult in theory, and the most important in practice, of the unsolved problems of business life and economic science—the problem of the trade cycle. By the trade cycle I mean those alternating upward and downward swoops of business activity extending to all trades and all countries, though not always quite at the same time or in the same degree, which have been for 100 years such a prominent part of our industrial life. I need not waste many of my minutes in reminding you of the gravity of the matter in hand. Unemployment, with all that it means of suffering and demoralisation—the fear of unemployment, with all that it means of grudging work and hampered progress—profiteering, the sudden enrichment of small groups for no sufficient service rendered, with all that it means of social friction and embitterment, all these are, at any rate in a very large degree, the direct offspring of the instability of industry, of these recurrent ups and downs of trade. And I will add this, that, in my opinion, it is by its success or failure in coping with this problem that the present order of industry—Capitalism or Private Enterprise, or whatever you like to call it—will increasingly be judged. It is easy to prove that that order, taken as a whole, has resulted in a vast access of material well-being to the mass of the population; but so

long as it fails to deal with this far-reaching malady there will always be millions to whom phrases which Liberals love to use—phrases such as “Freedom in Industry”—are a mockery and an insult, and who will strive at all hazards to substitute another, and, as it seems to them, a better-ordered system.

As is well known, a great many different suggestions have been made as to the causes of this deadly disease, some foolish, but many more or less sensible. Among the scapegoats haled before a certain American commission of inquiry there figured the excessive granting of free railway passes and the withholding of the franchise from women. But, apart from such frivolous suggestions, the variations in the response made by Nature to the efforts of man; the fact that, under modern conditions, production has to take place in anticipation of demand; the use of vast and complicated instruments of production and transport, whose production is bound to be in a certain measure jerky and discontinuous; the peculiarities of our monetary system—all these are, in my view, real and important causes of industrial instability. You will hardly expect me, in the time at my disposal, to attempt to discuss all these possible causes or to estimate their actual importance. It will, perhaps, be more useful to try to bring out certain leading considerations which must, I think, be kept firmly in people's minds if we are to make progress in practice in dealing with this great evil.

To begin with, it is natural, at first sight, to think of a “trade boom” as a time when everybody is well off, and a “trade slump” as a time when everybody is badly off. There is a great deal of truth in this common-sense view, but it is not the whole truth; and the inference which is sometimes drawn, that what we want is to discover some magical

device for prolonging the trade boom as we know it for ever, is dangerously false. I think I can best make my meaning plain by emulating a distinguished socialist writer, and spending a few minutes in constructing a history of mankind, designed to illustrate this particular point, that as society has become more complex it has become increasingly difficult to find any simple test of how well off mankind is at any particular moment.

### **The Conflicting Motives of Industrial Activity.**

Primitive man, then, lived in a garden or a mango-grove, or some such place, taking what Nature gave him. There was no doubt then when he was well off; he was well off when Nature was bountiful, and badly off when she was niggardly. But as time went on he found out that he could satisfy his needs more fully if he did a job of work now and again—killing dinosaurs, milking cows, scratching the ground, and so forth. Work was unpleasant, but milk and corn were pleasant, and the more work, the more milk and corn. So there emerged the first great cleavage in man's economic instincts; there appeared on his horizon the rival Sirens of Plenty (which means Work) and Leisure, beckoning him in opposite directions. Time went on again, and he discovered that he could increase his command, or the command of his tribe, over Nature by living sparsely for a time and fashioning various implements—bows and arrows for shooting dinosaurs, spades and hoes, and so forth. There arose his second great dilemma—the clash of interests between himself as an ephemeral being, passing away like a May-fly at the end of a summer's day, and himself as a trustee in some undefined, uncomfortable way for the future, for a great undying corporation in which he had only a

## 6      **The Ebb and Flow of Unemployment.**

life interest. There appeared before his eyes another pair of rival Sirens—Enjoyment and Thrift. Time went on again—time has a way of going on—and men multiplied, and they found that things went better if they divided their labour, and some of them hunted the dinosaurs, and some of them milked the cows, and some of them scratched the earth, and then they exchanged their day's output with each other. But here a third opposition of interests arose; for, while it was of advantage to the community as a whole that skins and milk and corn should all be as plentiful as possible, the hunters sometimes found that if a few dinosaurs got away they got more milk and corn for their skins; and the herdsmen sometimes found that if an old cow or two fell over a cliff they got more skins and wheat for their milk; and the farmers sometimes found that if it was a terrible wet summer they got more skins and milk for their corn. Whenever this happened there were shouts of "Profiteer!" but nobody took much notice, for between you and me they all did it when they got the chance. So the third of man's economic disharmonies arose—the opposition between Man the Producer with an interest in scarcity, and Man the Consumer with an interest in abundance.

### **How These Motives Influence Booms and Slumps.**

That is the end of my history, and I am afraid I have left out a lot which you will find in the books. Now what is its relevance to the problem of the trade cycle? Simply this, that if we take these three pairs of conflicting objectives—Work and Leisure, Thrift and Immediate Enjoyment, the interest of the Producer and the interest of the Consumer—we shall find that a trade boom is a time when excessive court is being paid to the first member

of each pair, and a trade slump a time when undue prominence is being given to the second. Let us look at this proposition in detail.

*Work and Leisure.*—What, after all, is a trade boom? It is a time of work, a time when business men work long hours and stretch their brains with ambitious scheming, when Labour is cajoled and bribed and threatened into working overtime, when the last ounce is extracted from machinery and plant—a time of furious energy and enthusiasm. And what is a trade slump? It is a time of excessive and unwished for repose, when factories work half-time and clerks sit twiddling their pens, when business men go to the South of France, or to Summer Schools, or to prison, and workmen tramp the streets striving to rid themselves of the blessings of Leisure.

*Thrift and Enjoyment.*—What, once more, is a trade boom? It is the Future's night out, a time when the leaders of industry are planning far ahead, when additions are being made daily to the capital equipment of industry, when houses are being built which will last hundreds of years, when ships are being ordered which will carry the world's trade for a generation, when dealers hoard their stocks upon their shelves. And what is a slump? It is a time when people's horizon is bounded by the present, when they are thankful if they can see their way of life from day to day, when housing programmes are curtailed and machinery rusts and decays, when the bedsteads of the poor are sold in the streets to provide the next week's meals.

*Producer and Consumer.*—What, for the last time, is a trade boom? It is a time when the Producer has the whip-hand, and the Consumer seeks the aid of the State through price-controls and Profiteering Acts, the hour of pride for those who make and sell,



## 8      **The Ebb and Flow of Unemployment.**

when, great though output may be, the exhilaration of business is founded in a scarcity of good things relatively to the desire of men to use and possess them. And a trade slump is a time of forced sales and liquidations and falling cost of living, a time when the Consumer comes into his own, and the Producer runs whining to the State with demands for Wheat Pools and Restriction Committees and Valorisation schemes and one device or another for re-creating shortage out of the paralysing abundance.

### **The Need for Stabilisation.**

The lesson to be learnt, then, is that, if we want to abolish the trade cycle, we must recognise the real conflicts of interests and impulses to which man is subject in his business conduct, and seek to restrain him now from over-indulgence and now from starvation of those strands of his economic nature which give to western civilisation its character of restlessness and of progress. And it follows that our remedial thought and effort must be directed, not merely to providing stimulants for the depression, but to providing sedatives for the boom. The whole matter is summed up in one word, a word which has become increasingly fashionable in recent years, and which it seems to me that the Liberal Party in particular should adopt once and for all as the first plank in its social policy—the word *Stabilisation*.

Let us turn, then, to look more closely at some of the various methods by which it has been proposed that we should make progress towards the stabilisation of industry. It will be useful, I think, to divide them into three classes, which I shall label for the sake of convenience the non-Governmental, the semi-Governmental, and the Governmental. The first are those which each industry, and, to a certain

extent, each individual business, may fairly be challenged and expected to work out for itself. The second are those the detailed application of which must be left to the business interests concerned, but which may necessitate a certain measure of external aid, or external pressure, from the State. The third are those which can only be applied through a national policy, making use of the central machinery of administrative government.

### **Non-Governmental Remedies.**

With regard to the first group of measures—those which industry might, and should, perform for itself—there seems to be no question that there is a great deal to be done. It is easy, I know, for the academic theorist to sit in his armchair (if he has not sold it) and lay down the law about how business should be run; but I think he has some justification for his amazement at the regularity with which, cycle after cycle, the majority of the so-called captains of industry allow themselves to be caught in the trap of the trade boom. Surely it is not sense to go on laying in stocks, say of cotton goods, when anybody might guess that consumers have only been making up their arrears of demand after a period of starvation, and that markets are nearing a glut, and then to behave in depression as though shirts and sheets never wore out. Surely it is not sense to build at inflated costs when everybody else is building, and then to behave during depression as though the capital equipment of industry were sufficient to last till the Day of Judgment. Surely it is not sense to spend vast sums on advertising campaigns just when the difficulty is not to find customers but to choke them off, and to make your first economy a curtailment of advertisement just when your greatest need

is to find markets. I am quite sure that nobody in this audience connected with any business has ever been guilty of such follies, but I am almost equally sure that he can point to some of his competitors who have.

A very interesting enquiry has lately been conducted in the United States, on behalf of the Conference called by President Harding to consider the problem of unemployment, into the extent to which efforts are made by business firms to stabilise production and employment. Two things emerge clearly, the apathy and helplessness of the great mass of the business world and the striking results which have been achieved by those pioneers who have made serious efforts to navigate their ships against the current of the trade cycle. Here are some of the maxims, by following which some of these firms seem, in the mad times of 1920-21, to have achieved almost continuous progress for themselves and a notable degree of continuity of employment for their workers. Lay your plans, and make your appropriations, for capital extension far ahead, in accordance with the evidence of the normal upward trend of business ; and put them into operation when times are quiet instead of waiting till your existing plant is overburdened, while materials are scarce and dear and strangled by transport delays. If you invent a new product, keep it up your sleeve for a while and use it as a cocktail to tickle a jaded market in times of gloom. Make an annual appropriation for advertising, and use it when you want customers and not when you don't. Scrutinise the credit of your customers more closely in good times than in bad, and don't be afraid of declining to accept orders. "If you must make losses in the depression," says Mr. Dennison, the head of one of these pioneer

concerns, "it is better to lose on orders taken when they are needed than on orders taken months before and executed on overtime pay and in competition with orders from clients of good standing." Above all, do not risk stultifying your policy by over-reaching yourself through greed. Do not wait for the actual maximum to liquidate, or for the actual minimum to place orders, or you will be too late. "We make no attempt," says Mr. Dennison, "to gauge the actual turning-point, because we believe that it is impossible to hit it exactly."

Now, I do not urge that such measures are equally applicable in all industries, nor that, by themselves, they would be sufficient to ward off such a catastrophe as we have suffered in recent years. But we cannot afford to neglect any aids to stability, and, if practised by a sufficient number of firms, such a policy would do much to diminish the violence of the trade cycle. For note that it is strictly in accord with the most old-fashioned individualist principles, with the doctrine of the Invisible Hand which causes those who seek their own advantage to promote indirectly the advantage of Society. Enlightened self-interest alone would surely lead to a far larger degree of self-control in the boom and of courage in the depression than is usually found; and by pitting its policy against the trade cycle each firm would not only increase its own chances of an ordered growth in prosperity, but contribute, in a degree proportionate to its size and the force of its example, to smoothing out the fluctuations of industry as a whole.

### **The Need for Publicity About Industrial Facts.**

But that is not the whole of the matter. Much as the individual firm can do, there are yet reasons which make it unsafe to leave the solution of the problem

of the trade cycle entirely to individual self-interest. The first of these is ignorance. To a large extent the errors of judgment made both in boom and depression seem to arise from sheer lack of knowledge—lack of knowledge of the stage which has been reached in the general trade cycle, lack of knowledge of the relations of the particular industry to others, lack of knowledge of the state of production and consumption and stocks, lack of knowledge by the individual business man of the action already taken or contemplated by his competitors. To some extent Government, and even, as we theorists hope, academic bodies, can help by the preparation of statistics and statistical studies and forecasts ; but nothing can be so effective as a sense of their common interests in compelling business men to discard their furtiveness and pool their information. Financial publicity, the avoidance of unnecessary and harmful secretiveness, the laying of all reasonable cards upon the table, ought to be a prime object of Liberal policy in industry, not only because of its direct reactions upon the relations between social classes, but because it is of the first importance to acquiring control of the trade cycle.

### **The Need for Co-ordinated Action.**

But it is not all a question of knowledge. Unfortunately it is no use denying at this time of day that the Invisible Hand sometimes seems to lose its grip, and that the problem of the trade cycle is complicated by real conflicts of interest and motive. In the first place it is without doubt sometimes possible for the individual business man to make snap gains in a trade boom at the ultimate expense of his industry and of Society. A shipowner, for instance, if he can secure delivery of a new ship while freights are still

exorbitantly high, may recoup himself within a few months for its capital cost, and snap his fingers at the subsequent demoralisation of the market which his action helps to cause. Mere publicity cannot be relied upon to cure this evil. It may prove to be necessary that each whole industry should take counsel with itself, and, through its acknowledged organ of government, enjoin or even impose on its members a policy of moderation in the common interest. Once more a leading plank in the new Liberal programme—industrial self-government—is seen to be of prime importance, not only for other reasons, but also for its bearing on the problem of stabilisation.

And this leads me to a graver complication—the conflict, at any rate the apparent conflict, of interests in the matter of stability between the employing and the manual-working class. Granted that in the long run, and on the whole, every class has an interest in stability, the interest of the workman is by far the most certain, the most compelling, and the most clearly realised by himself; and it is an interest which at present is not allowed to pull its full weight on the side of stabilisation. After all, the capitalists, or most of them, do somehow get through the depression without recourse to charity or visible loss of weight, while the full blast of the storm beats upon the working man. And the result is that, subconsciously at any rate, Labour is more keenly aware than Capital of the trouble that is being laid up in times of boom, though its awareness may sometimes take extravagant and injudicious forms. The Socialist taunt that Labour restricts output while there is still a chance of preventing industry from making a fool of itself, while Capital waits to restrict output till it is too late, cannot be lightly brushed aside.

From one point of view, at any rate, the intractability and ca'canny devices of Labour in times of boom may be regarded as a blind protest against the follies that are being committed in the name of brisk business and expanding trade.

**Responsibility Must be Brought Home to the  
Employers.**

It seems to me to follow that complete stability of industry is not to be looked for until the penalties of avoidable failure to attain it are visited more nearly exclusively on those who are responsible for industrial policy. Here again the American enquiry to which I have already alluded is illuminating. America is conscious of being grievously behind England and other European countries in tackling the unemployment problem. Her economists and enlightened business leaders are studying with interest and admiration the great experiment in unemployment insurance initiated in this country in 1911, but they are not disposed to accept it as a model ; for they hold that, while it has done much to relieve unemployment, it has done nothing to prevent it. America's own contribution to the problem is so far not impressive—a few schemes set up voluntarily by individual firms, a joint scheme by the employers in a single trade in a single town, a couple of bills introduced, hitherto without success, into the State legislatures of Wisconsin and Massachusetts. What is interesting is that all these schemes agree in placing the whole burden of the cost of unemployment insurance on the employer, and that those which apply to more than one firm contain devices for making the cost vary directly with failure to afford stable employment. It is interesting that American opinion favours this drastic line of attack on the

very ground that it is not Socialistic, but places the responsibility of solving an industrial problem where it should be placed—on the leaders of industry.

### Unemployment Insurance by Industries.

I have no time to discuss fully the technical difficulties of devising schemes for unemployment insurance by industry which shall afford a direct incentive to each industry and each individual firm to minimise instability, and I have no ready-made solution for them. There is the difficulty of demarcation—a difficulty which will have to be tackled anyhow if self-government by industrial councils is to be made a reality. There is the difficulty about the floating surplus, especially of unskilled labour, which finds employment now in one industry, now in another; a difficulty which might, perhaps, be met by a kind of treaty of reciprocity between adjacent industries. For after all, if a carpenter, say, is sometimes employed in building and sometimes in ship-building, and if, when unemployed, he becomes chargeable on the industry in which he happened last to find employment, it is to the interest of both industries to pool their risks as far as he is concerned and to see that his periods of unemployment are as short as possible. Finally, there is the difficulty of the decaying and obsolescent trade, which might become clogged with workers who have obtained a settlement in it, but for whom it is permanently unable to find employment. This difficulty is apt, I think, to be exaggerated; for it is rather technical processes than whole trades that become obsolete. In road transport, for instance, the processes change, but the industry survives and grows; and it is not unreasonable that an industry should be subjected to pressure to find employment for those whose skill



is rendered worthless by its own internal revolutions. I do not say that we can do without a State scheme in the background ; but no mere plan of contracting out of a general State scheme, such as that which was incorporated in the Act of 1920, and is now in abeyance, will serve ; for that will only be utilised by the least fluctuating trades, whereas what we want is to put pressure on the most fluctuating to set their houses in order.

I am told by persons whose practical experience I respect that any scheme of insurance by industry is administratively impossible. I am told, too, that it would meet with the implacable hostility of the Labour movement. In these circumstances I dare not lay down the law ; but I am not convinced. In particular, it seems to me unlikely that those who are not backward in indicting the incompetence and cupidity of business management will not be led in the end to favour some plan for visiting the penalties of these qualities on the heads of those who display them. In any case, I feel sure that, unless we can modify our insurance system in the direction of using it as an incentive to reduce unemployment, we shall be allowing to rust an obvious, and perhaps a potent, instrument of stabilisation.

This is what I call a semi-Governmental measure of reform, since, while each industry would have to work out its scheme in detail for itself, it is hardly to be expected that the more fluctuating industries should move in the matter without a certain measure of compulsion ; and, moreover, the pitch is already queered by legislation. There is another semi-Liberal line of advance of which I speak with more hesitation. The great variations which occur in the price and output of the great staples of world trade arise largely from the difficulties, both physical and

financial, of holding stocks of goods over long periods ; and here is a matter where the State, with its longer purse and longer view, may in the end be able to intervene to the public advantage without vexatious interference with the actual conduct of industry. The British Government has already made itself a party to one important scheme of restricting output ; but restriction of output in a depression is a poor second-best to making for stock. It may be that producers and consumers of more than one important commodity will ultimately come to the Government with a request for continuous help in reconciling their interests through a policy of stabilisation, instead of for impromptu interventions first on one side and then on the other.

#### **Governmental Measures of Reform.**

But such speculations belong to the future. Let us return to the present. We come next to those measures of stabilisation which I have called Governmental, because they demand a national policy, endorsed and enforced by Government. The most obvious of these is the long-distance planning and financing of public works of construction, and their execution in such a way that Government does not have to compete with private industry when labour and materials are scarce, nor add to the general gloom when the spirit of enterprise is low. The urgency of the need may have made it inevitable that the great post-war Government housing programme should have been launched concurrently with a boom in private building enterprise ; the state of the national finances may have made it inevitable that as soon as private enterprise took fright, the Government should take fright as well. But clearly that is the kind of sequences of events

of which we should use every endeavour to avoid a repetition. Since much the same principle is here involved as in similar compensatory action by private firms, which I have already discussed, I need not enlarge upon it further.

### **Monetary Stabilisation.**

I come at last to the most obvious aspect of the trade cycle, its monetary aspect. If I have left it to the last, it is not because I do not regard it as of the first importance, but partly because it is so large a subject as to require a paper to itself, and partly because I also think it important to emphasise that, whatever is done or not done by the Olympians of the Treasury and Lombard Street, Industry itself must take a full share in the solution of the problems of Industry. But there is no question that the inherent strains and instabilities to which Industry is subject are vastly aggravated by the fact that our professed standard of value is itself grossly unstable—that not only does the general level of prices continually fluctuate, but nobody has any idea what is the central level about which it is fluctuating. It is like a ship which is not only rolling, but rolling as it pursues an uncertain course. If Industry acts rashly in times of boom, Governments and bankers are its accomplices; if Industry lacks courage in times of depression, Governments and bankers too often do their best to stifle its will to live. We are dependent on Governments and banks for the money which we must use in every business transaction; yet they will not tell us what the worth of that money is supposed to be, nor even what they would like it to be. I think, as I have said, that Industry must play its full part in solving its own problem of stability; but that problem is far more difficult than it would

be if our financial authorities had a clear policy about what the general level of prices should be and made a determined attempt to enforce it.

### **Summary and Conclusion.**

Let me try to summarise briefly the bearing of the reflections which I have attempted to put before you. It seems clear that a large part, perhaps the majority, of the social strains and miseries by which we are afflicted are either directly generated, or, at all events, grievously enhanced, by the instability of our economic life. Some of the causes of that instability lie deeply embedded in the character of man's struggle with nature, and in the technical complexities of modern industry. Whatever the method of industrial government, these causes would persist, and continual vigilance would be required to keep their ravages within bounds. But there are other causes of instability whose roots are to be found rather in that particular system of rights and laws under which we live, and which is variously described as Private Enterprise, Capitalism, Economic Freedom and Wage Slavery. Among these causes, again, some are grounded in ignorance and muddleheadedness, and the cure lies in increased doses of the old medicine of enlightened self-interest. But others are grounded in real cleavages of interest between individuals and groups, which can only be composed with the assistance of the strong hand of the State. To tackle these matters is, I suggest, the most important constructive domestic task to which Liberalism can set its hand. Unless "Private Enterprise" can clear itself of the reproach of needlessly generating and tolerating an instability which wrecks the peace of millions, it is idle to expect that the manual worker will continue to bear the

ills he has rather than fly to others which he knows not of: nor, in my judgment, will there be much moral justification for urging him to do so.

---

[NOTE.—Although the oral form of this paper has been retained, it has been altered and expanded in certain respects since its delivery.]

---

## BIBLIOGRAPHY.

*Cycles of Unemployment in the United States, 1903-1922.*

BERRIDGE, WILLIAM A. Boston, 1923. pp. xv, 88.

[A statistical study of unemployment, production, buying power, etc.]

*Business Cycles and Unemployment.* Report and recommendations of a Committee of the President's conference on unemployment. With a foreword by Herbert Hoover. (United States Department of Commerce.) Washington, 1923. pp. 30. Price 5 cents.

[President Harding's conference met in Washington in 1921 to consider relief for four to five million unemployed resulting from the business slump of that year. The conference felt that its duty was not only to take measures to relieve the immediate emergency, but also to make plans which would tend to reduce the amount of unemployment in the future. It, therefore, considered that certain suggestions for controlling extremes of the business cycle so as to lessen recurrent periods of unemployment should be investigated. The above pamphlet is the report of the Committee appointed to undertake this investigation, and is presented in the form of a preliminary discussion. It recommends the collection of fundamental data, a larger statistical service, research, control of credit expansion by banks, possible control of inflation by the federal reserve system, control by business men of the expansion of their own industries, control of private and public construction at the peak, the building up of unemployment reserve funds in good times, the establishment of national systems of employment bureaus.]

*Cycles of Prosperity and Depression in the United States, Great Britain and Germany: A Study of Monthly Data, 1902-1908.* HANSEN, ALVIN HARVEY. Madison, Wisconsin, 1921. pp. 112. Price 1 dollar.

[Describes the period 1902-8, with the alternations

of prosperity and depression, in the countries named, analyses the monthly data, summarises and criticises many theories of prosperity cycles, and inclines to those theories which emphasise money, credit, prices and capitalisation.]

*The Trade Cycle: An Account of the Causes Producing Rhythmical Changes in the Activity of Business.* LAVINGTON, F. London, 1922. pp. 113. Price 3s. 6d.

["The main causes of our present condition are to be found, not in the outstanding events of the past seven years, but in the more normal operations of the influences which produce business cycles . . . complicated and strongly reinforced by the exceptional difficulties arising from war. . . . (The book) concerns itself primarily with none of these special difficulties. . . . Its object is to distinguish the influences which, many times in the past, have provoked these curious alternations of active and inactive business, and now, in the present, have brought us into a condition of depression not paralleled in business memories."]

*The Riddle of Unemployment and Its Solution.* PELL, CHARLES EDWARD. London, 1922. pp. 217. Price 7s. 6d.

["The solution of the riddle (of the great waves of unemployment which sweep through our modern industrial society) is to be found in the answer to the question why the goods cannot be sold at a price which would cover the expenses of production. In other words: Why do prices fall?" "Inflation means that credit is being issued in greater proportion than the increase in the output of goods justifies, its mark being rising prices; while deflation means that the increase in the output of goods is too great for the output of credit, its mark being falling prices. . . . The output of credit must be governed by prices through the medium of the bank rate. So long as prices remain steady, the bank rate should remain steady. When prices rise, indicating inflation, the bank rate should rise. When prices fall, indicating deflation, the bank rate should fall. And the method by which to judge the trend of prices is that of index numbers."]

- A Study of Industrial Fluctuation: An Enquiry into the Character and Causes of the So-called Cyclical Movement of Trade.* ROBERTSON, D. H. London, 1915. pp. xiii, 277. Price 7s. 6d.

[A technical enquiry based mainly on a study of the course of events in the leading industrial countries, especially the United Kingdom, from 1870 to 1914. Deals with fluctuations of individual trades, phenomena of supply and demand, fluctuations of general trade. Contains tables and charts.]

- Les Crises Périodiques de Surproduction.* AFTALION, ALBERT. Paris, 1913. 2 vols. Price 16 francs.

[An attempt to state precisely the characteristic traits of the phenomena of periodical crises and economic cycles, and to discover an explanation of them.]

---



**"THE NEW WAY"**  
**Series.**

---

1. **The New Liberalism.**  
*By* RAMSAY MUIR.
2. **The Budget of 1933.**  
*By* W. T. LAYTON.
3. **Why I am not a Socialist.**  
*By* R. H. BRAND.
4. **Houses for All.**  
*By* E. D. SIMON.
5. **Property and Inheritance.**  
*By* HENRY CLAY.
6. **The Ebb and Flow  
of Unemployment**  
*By* D. H. ROBERTSON.