

On Raising Wages by Law

THE PRINTING BUSINESS is bad; has been bad for a long time. Maybe people are buying less books and magazines. The "unemployables" are surely getting along without this printed matter. Also, most firms have an idea that advertising pays only when work and wages are plentiful; during the past ten years of depression they have done less circularizing, printed fewer catalogs.

Maybe the cost of printed matter, in proportion to possible returns, is too high. Maybe the wage scale demanded by organized labor has something to do with the prohibitive price of printing. Raising prices has been known to curtail production and, consequently, to cause unemployment.



The International Allied Printing Trades Association has a different theory to explain the lack of printing jobs. They seem to think that radio advertising has taken away a large part of the revenue that would have come to their members, via printed advertisements. As one of their leaders put it: "In 1929 radio took 2 cents out of the advertising dollar. Today it takes 35 cents. This gain was due to the diversion of advertising from newspapers, magazines and the printed page."

This may be true; undoubtedly it contains an element of truth. When the cost of a commodity goes up a cheaper substitute usually comes into the market. Advertisers probably found that the return per dollar of advertising in radio was greater than the return for a like investment in printing.

Can it be that the increased wage scales in the printing trades had something to do with the shift from the printed medium to the radio? Maybe lower wage demands would cut printing costs, would encourage the use of more periodical space and of more direct mail pieces, thus increasing the demand for printers.

The Association chooses to attack the problem from a different angle. It assumes that there is a limited amount of advertising money, and that to get a greater share of it printers must gang up on the radio and forcibly direct this money to the typothetae.

Gangsterism these days eschews the violent, ungentlemanly and risky methods of the highwayman; it enlists the law on its side. So the Association, it is reported, will press Congress for enactment of legislation aimed to restrict the sale of commercial time on the air to no more than 25 per cent of available radio time and to impose heavy taxes on the income of broadcasting stations.

In short, instead of meeting competition by the rules of the market place, the Union proposes to use the pressure group technique to gain its ends. Suppose it succeeds in getting the legislation it is seeking, will advertisers use more printed matter? The reason they abandoned that kind of advertising is that the cost was prohibitive. Will making radio time more expensive reduce the cost of the printed message? What will probably happen is that some new advertising medium, in which the cost is consistent with returns, will come into being. Rising prices is the spur to invention.

Another matter worth mentioning in this connection is that if the Union succeeds in getting the State to do its dirty work the wages of radio workers would be adversely affected. The increased cost of radio time would cut down its use by advertisers, and the marginal stations would be forced to discontinue. Many radio workers, from technicians to artists, would lose their jobs.

The moral: You can't raise wages by law.