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CHAPTER XVI

PUBLIC EMPLOYMENT OFFICES AND UNEMPLOYMENT[1]

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I. INTRODUCTION

Between 1910 and 1916, seven important studies were made in the United States into the causes of unemployment, and accompanying programs of remedial procedure were put forward. Each recommended the establishment of public employment offices as one of the immediate steps to be taken. The Wainwright Commission of New York, whose recommendation is typical, after an exhaustive study here and abroad, urged the establishment of "a system of public employment offices. . . covering all sections of the state," giving as its reason that "much of that unemployment which is due to maladjustment—to the failure of demand and supply to find each other—can be eliminated by such a system."[2] Even before 1910, when the first of these commissions was appointed, sentiment favorable to this step had developed, and several state systems of public employment exchanges had their beginnings in that period.

In the two years following the Armistice, the President urged Congress to continue, during the demobilization period, the United States Public Employment Service which had been developed as a war measure aimed primarily to help employers to secure labor. Although this service was practically discontinued, the demand for some national employment service continued to be voiced in responsible quarters, and a number of the states appropriated more money for their own public employment work than they had ever supplied before, conservative estimates placing the total for 1919 at upwards of $785,254, and at more than $1,000,000 in 1920.[3]

Among other representative groups the Second Industrial Conference, called by President Wilson in 1920, recommended "a national system of

[1] The material here presented is drawn mainly from Part I of a forthcoming report on Public Employment Offices. The study was made under the direction of Shelby M. Harrison for the Department of Surveys and Exhibits and the Department of Industrial Studies of the Russell Sage Foundation, New York. Part I reports the findings of the section of the investigation covered by J. B. Buell.

[2] New York State Employers' Liability Commission *Reports*, 1910–1911, No. 3, Unemployment and Lack of Farm Labor, p. 13.

[3] "Waste in Industry," pp. 279–80.

employment exchanges, municipal, state, and federal, which shall in effect create a national employment service." More recently, the Conference on Unemployment called by President Harding, also favored the establishment and coordination of "an adequate permanent system of public employment offices;" and Governor Smith's Reconstruction Commission, New York, in its Report on a Permanent Unemployment Program in 1919 recommended the continued development of "the state employment service looking toward an ultimate state monopoly in this field, excepting possibly a small number of union agencies and private agencies supplying service of a personal and professional character." Beginning with the Murdock bill in 1914 resulting from a period of unemployment, and extending to the recent Kenyon-Nolan bill, there has been continuous and strongly backed agitation in Congress for legislative provision for some kind of national employment service.

These are only a few of the many significant and impressive indications of the growing popular interest in public employment work as a means of reducing unemployment in this country. There was, to be sure, a certain amount of organized opposition to the Federal Employment Service, but the greater part of this was opposition to *the* service as set up and administered during the war rather than to *a* national system of public employment offices or to public employment bureaus as such. On the other hand much vigorous and widespread approval and support was found. Indeed, except for the type of opposition referred to, a high percentage of the various civic and industrial organizations consulted, favored the continuation and development of some type of nation-wide public employment system.

II. WHAT EMPLOYMENT BUREAU WORK IS

What is the nature of this organized employment work, in support of which sentiment has been growing?

The seventy or more public employment offices which were visited in the course of the investigation by the Russell Sage Foundation may be divided into three large groups: (1) the "two-man" office, the smallest staffed bureau which is able to render effective service; (2) the middle-sized bureau where the volume of work requires a larger staff and some division of function; and (3) the largest and most highly organized of the public bureaus.

Similarly the fee-charging employment agencies, the chief competitors of the public bureaus, fall into three main types. The small agency making a specialty of placing unskilled men is the most common type. Observation indicates that something like half of all the commercial bureaus are of this type. Then there are agencies dealing almost exclusively with domestics and women day-workers carried on by small staffs in small

offices, and the larger offices serving clerical and office workers, both men and women.

Whatever the routine, however general or specialized the experience of bureau staffs, however simple or highly organized the work of the different offices, however well or poorly the work was being done, in the last analysis all the bureaus visited were engaged in doing the same essential things. They were, first, giving information about jobs to workers, and information about available workers to employers; second, they were helping to bring together the worker wanting a job and the employer wanting workers. Thus the primary function of the employment bureau work is seen to be the collection and making available of information on work openings and on workers in search of them, and through the use of this information, the making of contacts between workers wanting jobs and employers wanting workers.

The Different Agencies and Mediums Performing This Service.—Besides the public and commercial labor exchanges, a considerable number of other agencies and mediums were found performing somewhat similar services.

All of these group themselves into two main divisions. The first are the direct, or informal, or unorganized methods or agencies through which this service is performed. A new job may be secured through (1) more or less promiscuous application at the employer's gate; (2) the help of a friend or mutual acquaintance; (3) a waiting list kept by the employer; or (4) miscellaneous methods.

The second, the indirect, or more formal, or organized methods and agencies will be treated after the direct methods and agencies have been discussed.

III. THE DIRECT AND UNORGANIZED METHODS

Application at the Gates.—Many employers rely mainly if not entirely upon men who apply directly at the factory gates. A number of reasons were found for this. Only a minimum of effort is required on the employer's part, and employment managers take a certain pride in the fact that men continually come to their factories without solicitation.

When numbers of men are available at the gate, there is also more likelihood that employers will get some worker and perhaps a worker well fitted for the job. The employment manager of an electric light and power company wanted "to have just as many people coming to us as possible. We interview everyone that comes and if we haven't a job, we encourage him to come back again and to keep at us until we do have something." And a fourth reason was akin to the last; the larger the number of men who come asking for work, the greater the bargaining power of the employer in agreeing on wages and terms of work. The

competition of workmen against each other puts the employer in a position of advantage; he can be more confident that he can get what he wants; and conversely, the men asking work become less confident—particularly if, as sometimes happens, they are forced to wait long periods before being interviewed or are treated with a good deal of gruffness.

The reasons given by workers as to why they follow the method of applying for work at the gate came down to two chief and obvious facts. First, very often necessity forces them to it. Many workers have no sources of information on jobs, they have no affiliations or friends who can make contacts for them, or they do not know about or have not become accustomed to using organized employment agencies.

Second, even where men do not feel impelled by necessity to call at the factory gate, there are some who see or think they see an advantage in going directly to the factory and getting there first. There might be an unexpected opening which in this way can be secured before the employer calls the outside employment bureau or has time to advertise.

Contact Made by Acquaintances.—Sometimes the employer recruits workers through his own employees, and workers learn of jobs through friends or acquaintances. Among the more highly trained professional workers this method is one of the common means of effecting changes. Some employers of skilled and unskilled labor rely upon their foremen for this assistance, and others occasionally find workers who seem to have special facility in keeping in touch with available people. This is especially true of plants employing immigrant labor and negro workers.

The more important reasons given by employers and workers as to why this method has proved satisfactory are four:

In the first place, it is much easier for the employer's representative to step into the factory and talk with an employee for two or three minutes than either to write a newspaper "ad," continue it for several days, and then select from numerous candidates, or to call up an employment agency and explain the character of the job to someone not entirely familiar with it.

The method is easy for the worker also. One employer states that his men "generally know that a job is going to be vacant before I do." To pass on to some friend the news of a job is a friendly act not limited to any walk of life.

Second, this method puts a more personal element into the contact of employer with worker. The worker's desire for personal recognition and self-development is to some extent satisfied. It was, in fact, in the plants which emphasized the value of good personnel relations that we found a systematic cultivation of their own workers as a source of labor supply in greatest favor.

A third reason was that this method usually provides full and accurate information on both men and jobs. The information which a worker gets from his friends is usually of an accurate and intimate kind. They can pass on what they know of the characteristics of the boss, the firm's general attitude toward labor, transportation facilities, the congeniality of the other workmen, and other items which are of importance to the man looking for a job.

Fourth, in recruiting large numbers of workers, this method has advantages. Employers find that frequently a worker represents a coterie of acquaintances on which they may draw when necessary. For the worker, there is advantage in having many avenues through which to learn of jobs. Each of his friends represents a nucleus of information which may possibly result in an employment contact.

Waiting List or Application File.—Many of the employers interviewed used a waiting list or application file as a means of making employment contacts.

The opinions of employers as to the usefulness of these lists varied greatly. A few placed a good deal of emphasis on them. One very large concern hiring all types of workers was "keeping an application file of all the people coming in for jobs." The file was kept active, and the officers turned to it first. Another firm in New England claimed that "aside from people whom our own workers bring in, we fill all our jobs from our waiting lists."

Other employers, however, were less enthusiastic. For common laborers few employers thought it worth while to keep applications for more than a few days, and many paid no attention to such registrations.

Workers as a rule had little faith in these lists. "I went up for a job but they didn't have anything. Just took my name and address. You know what that means." This comment expressed the common attitude.

Miscellaneous Direct and Unorganized Employment Contacts.—In one city a group of employment managers through their local associations had become more or less intimately acquainted with each other. They met regularly to exchange ideas, and much of the suspicion which sometimes exists between competing concerns had been dispelled. It became a common practice to call on each other for help when they needed a special kind of worker, and when a good man came in whom they could not use to call up "Bill" or "Charlie"—they knew each other by their first names—and ask whether he could use such a man.

Still another kind of contact-making point was described by a marine steward on the Great Lakes. "The best way to land something, outside of your friends amongst the captains, is to hang around the marine stores. There are several of them on the lakes, and they are general loafing

places for lake people. When his boat docks, a captain always comes up for supplies and to talk; and if he needs a steward, he usually says so."

In one town the boss baker in a large baking establishment was a common source both of jobs and of men. He had been in the business for a long time, knew most of the men in the trade, and became in a natural and informal way the medium through which many of the changes occurred.

These three instances are typical and indicate how naturally employment contact-making takes place whenever people for one purpose or another come together.

IV. INADEQUACY OF UNORGANIZED METHODS AND THE NEED OF ORGANIZED SERVICE

The question which immediately arises, after reviewing these direct methods and after noting the reasons for their use, is *whether they alone are equal to the demand which has been growing for an efficient means of securing jobs for men, and men for jobs.* If they are not adequate then the problem of establishing additional mediums or agencies for employment contact-making needs to be pursued further.

Resort to Other Methods as Evidence of Inadequacy.—One of the first and most important pieces of evidence bearing on the question of adequacy is the fact that other agencies for making employment contacts have been set up and that some of them have done and are still doing a great amount of business. In other words, that employers' associations, trade unions, philanthropic societies, private fee-charging agencies, not to mention various government agencies, federal, state, and city, have found it expedient to operate formally organized employment bureaus, and that these have been patronized in large volume by both employers and workers, we may take as *prima facie* evidence that the unorganized means of recruiting and job-getting have not been sufficient to meet the needs of either employers or workers.

Numbers and Types of Workers Placed.—Our field work included a study of the different types of employment agencies which have grown up in recent years and the number of workers placed by some of them. Consideration of the facts back of these figures shows some of the reasons why such agencies as the public bureaus and the private fee-charging offices have been resorted to, and at the same time sheds further light upon the inadequacy of the direct methods.

Unfortunately, the statistics kept by many public bureaus are not altogether satisfactory for our purpose: in some cases they are compiled in such a fashion as to have little significance. There were, however, a few noteworthy exceptions, and from these several conclusions appeared obvious. In the first place it was seen from the data collected that among men applicants numerically the largest group handled by all of

the bureaus was common labor.[1] Nearly 23,000 out of 48,000 in San Francisco in the year 1917–1918, and some 60,000 out of about 109,000 in Ohio in the year 1916–1917, and 6,000 out of 17,000 in New York State in the nine months ending with June, 1916 or 50 per cent of the male workers placed in the large occupation groups, were found in the general class of unskilled and common labor. Moreover, some acquaintance with the work of the private fee-charging agencies tends to the conclusion that the fifty-eight labor agencies specializing in unskilled workers in Illinois in 1919 and the equal number in the city of New York a few years earlier were doing a much larger gross business than the larger number placing other types of workers.

Another important group for whom positions were secured through public bureaus and private agencies was found in the service occupations, such as bell boys, choremen, elevator boys, flunkeys, horsemen, janitors, porters; among women, they were domestics, day workers, and chambermaids. With these also may be classed the hotel and restaurant workers.

A third general class, covering a number of miscellaneous occupations of a more skilled nature, such as clerical and mercantile workers, nurses, teachers, barbers, machinists, carpenters, painters, and the like, is much smaller numerically, especially in the figures for the public bureaus.

It is evident, therefore, that of the fields which are being occupied by the two main types of employment bureaus, public and private, the first, that of common labor, has special significance; the second or service field is also important, while for the skilled worker there is relatively little activity.

The reason why floating, unskilled laborers, and the employers who hire them need the assistance of an employment bureau is fairly obvious. Such workers for the most part are unfamiliar with local conditions, many of them having come from distant places. They are in general a homeless and often a friendless lot; and the rumors of jobs which pass around among them are likely to be vague and inaccurate. Likewise the jobs which come to these agencies are in comparatively isolated places, such as railroad construction and lumber camps, farms or fruit ranches. And distance itself, in the main, precludes the use of direct methods or agencies, such as application at the gate or the aid of acquaintances, in making the employment contacts. As a result many employers and workers have been forced to enlist organized assistance.

Wherever, therefore, there is much of this in-and-out-of-town shifting, an employment bureau is usually found or the need of it is evident.

A second fact, less evident perhaps but of equal importance, is seen from a further analysis of the semi-skilled group of elevator men, servants,

[1] For a fuller presentation of the statistical material and other data upon which conclusions here reached are based, the reader is referred to the full report of the Russell Sage Foundation here summarized in part.

porters, hotel and restaurant workers, and the like. With domestics it is perhaps most obvious. Here the possible positions are scattered all over the city, with one or two workers to each employer. In a locality offering employment in homes to, say, one thousand domestic servants, an applicant who tried to cover the whole field in all probability would have to apply to nine hundred or more scattered employers. This is in marked contrast to the applicant at a department store who, to cover an equal number of possibilities, would have to go only to two or three stores located near each other in the center of the city.

Thus when jobs are widely distributed in any locality the opportunity for employers and workers to come together is lessened, and both have found it expedient to seek the assistance of some organized employment agency.

Third, as our investigation showed, the worker who changes his job frequently and the employer who has a large labor turnover will need organized assistance and will resort to it more often than workers who hold jobs for long periods and employers whose labor turnover is low.

In the fourth place, the relatively less able workmen in a trade require organized assistance. One important reason is because they are more frequently called upon to find employment for themselves than are the efficient workmen.

The same thing was found true of employers who offered less desirable jobs. There were numerous instances of firms trying to get men at a little lower than the average rate of wages, who tried to enlist all the outside assistance they could; and many employment bureaus had on file a quantity of calls for boys or clerks at wages just a little below the usual rate—calls, incidentally, which they neither could fill nor found it desirable to try very seriously to fill.

A fifth reason found was that many workers used the organized agencies not because of inferior ability as workers but because of inferior ability as job-getters. In other words our findings agree in part at least with the contention of the Webbs that there is a distinction to be drawn between "the faculty of finding work and the faculty of doing work."[1]

There may be still other reasons why employers and workers find it desirable at times to turn to the organized agencies in making employment contacts; but whether there are or not, the reasons given suffice to show the inadequacy of the direct methods. If, then, the direct methods are inadequate, and modern industry requires an organized service for bringing employers and workers together to talk about jobs, the question immediately arises as to the kind of organized service which is needed.

[1] WEBB, SIDNEY and BEATRICE, "Public Organization of the Labor Market," p. 169.

V. ORGANIZED EMPLOYMENT METHODS AND AGENCIES

Seven important organized methods or agencies are used by employers and workers in getting together to talk about employment.

"Want-Ad" Employment Service Advantages and Disadvantages.—The newspaper "want-ad" column is one of the most common means by which employers and workers get in touch with each other. While this is an organized service, it differs from the employment bureaus in that it is concerned only with the distribution of information. For the large majority of job openings there is little or nothing selective about the distribution, and the newspaper assumes no responsibility for seeing that the worker and employer come in contact with each other, as does the employment bureau.

The use of the want-ad column was found practically universal. Only one or two employers claimed never to have resorted to it, although a larger number of workers stated that they never answered advertisements. "Somebody always gets there before you" was the reason given.

From the employer's standpoint the "want-ad" offers certain advantages: in the instances where the job requires a worker of special ability it may be possible through "ads" calling for written replies to eliminate a considerable number of applicants obviously unqualified for the work in question, and to spend time in interviewing only the most promising; it is often an easy means of keeping a steady supply of applicants coming to the gate of the plant; it often proves useful in cases of emergency when workers are wanted quickly; and this method, by bringing applicants into competition with each other at the gate, tends to increase the employer's bargaining power.

The advantages of this method seem to accrue almost entirely to the employer. There are disadvantages to him, however, as well as to the workers. One is the tendency of this kind of advertising to cause people to change jobs and thus increase the general labor turnover of the district. Another disadvantage is its cost.

This method usually means also a serious waste of time to the worker. For him to answer an "ad" is often only slightly better than going around from gate to gate. Moreover, the more general abuses of newspaper advertisements which have been given much publicity in the past are continually cropping up. The "fake" advertisement, the "ad" which grossly misrepresents, and the "ad" which is inserted for evil or immoral purposes, are extremely difficult to control.

Bureaus Operated by Employers' Associations, Boards of Trade, Etc.—Organized employment work is also carried on by a number of employment bureaus. Important among these is the type of bureau operated by employers' associations, boards of trade, and similar organizations. Some of these are run with the interests of the employer chiefly if not exclusively in mind; others are operated on a less partisan basis.

In general the reason found for the operation of employment bureaus by employers was the feeling that if circumstances make organized employment work necessary at all, it is desirable that the employers get what benefit they can from the method used. Employers felt that bureaus maintained by employers' associations had their interests at heart—not only those immediately concerned with efforts to get workers, but often other important related interests.

Trade Union Bureaus.—For much the same reason the trade unions have set up and are operating employment bureaus or exchanges; they too wish to exercise as much control as possible over the making of employment contacts. In addition to keeping its own members employed, the trade-union bureau may be of service also in placing men in plants where they can help the cause of unionism as opportunity permits.

Only a few trade unions operate organized employment bureaus in the accepted sense. Nevertheless, every union office and every union secretary is a center of information about jobs. As one observer puts it, "the trade unionist thinks it only natural that his business agent should secure work for him when he is unemployed. This he considers, is one of the principal benefits of the union."

A very few local unions have men who do nothing but employment work, as was the case in Cleveland, where a number of the organizations housed in the central labor headquarters, cooperated in using one man as office secretary and placement secretary. Even here, however, no records were kept and his work was largely through personal contacts and by word of mouth.

From the standpoint of the worker, there are several reasons why the employment work of the trade-union secretary is likely to be satisfactory. For union members the employment contact made at union headquarters is natural, easy, in the line of least resistance. The office is a loafing place out of hours or when men are out of work. They go there also to pay their dues. Again, the worker usually gets his job without bargaining for it. The information which the worker gets, moreover, usually covers other matters of interest to him than are commonly covered by other agencies; he is asked to pay no fee; and finally the number of jobs about which the union secures information through its members is often considerable.

Bureaus Operated by Fraternal, Professional, and Other Organizations.—Still another type of organized contact-making is that accomplished through certain organizations in which both employers and workers have some interest outside of the employment service itself. Examples are employment bureaus of fraternal organizations; employment bureaus of professional societies, such as those of the chemists, and the engineers; agencies operated by state teachers associations; and perhaps college appointment bureaus.

In a sense also employment bureaus run by trade unions which have a closed shop agreement with employers and where relations are in the main friendly belong in this class. Examples from the photo-engraving, printing, and clothing trades can be found where employers recognize the seeming permanence of the union and the possibilities of cooperating with it for the benefit of the trade.

Most of the large fraternal orders, such as the I.O.O.F., and the Masons, run employment bureaus; but the total of their business is small. The advantages of employment bureaus of this kind are that both employer and applicant are members of the same association and so have a mutual interest apart from the job which they are discussing.

The obvious limitation of both the lodge and professional bureaus is that they serve mainly their own membership. This is not as serious a handicap in the professional bureaus where engineers or chemists or social workers look only for jobs in their own fields and where the societies embrace a large part of the qualified workers.

Bureaus Maintained by Philanthropic and Social Welfare Organizations.—The fifth type of agency embraces those organized by philanthropic societies, churches, settlements, immigrant societies, prison associations, day nurseries, and other welfare associations. The older bureaus of this kind were started to care for families and individuals in distress. One of the important causes of such distress was unemployment; and the charitable societies decided that the constructive way of helping families and individuals suffering under this disability was not only to give them food, clothing, fuel, and other material relief temporarily, but also to assist the breadwinner in the family to obtain employment.

In looking over the work of the philanthropic bureaus as a whole, several characteristics were noted. First, while it was recognized that the employer might benefit from having some place to go for workers, these bureaus labored almost entirely in the interests of the worker. This meant in general that these bureaus were active chiefly in periods of depression and of unemployment, and that they did very little during times of labor shortage. Second, most of these agencies were serving groups of workers who were handicapped in securing positions. There were two main groups of these—those against whom as workers in their plants, employers held some prejudice or regarding whose abilities employers entertained doubts, as, for example, ex-convicts, aged persons, the physically handicapped, or negroes; and those who were unskilled in the technique of securing jobs. Juveniles are perhaps the best example of the latter.

In the third place, as their names and supporting organizations indicate, these bureaus do not receive support from fees nor from public taxation. This fact limits the chance of extending their service. Hence the

possibility of any large part of employment contact-making being done through the philanthropic bureaus is not great.

Fee-charging Employment Agencies.—The commercial or fee-charging bureaus are agencies which have been called into existence because employers and workers need organized employment assistance enough to be willing to pay for it, and thus far no other sufficient means for securing the needed assistance have been available. The best known bureaus of this kind are those placing professional workers, especially teachers, clerical and office workers, workers in domestic service, and casual and unskilled labor. The last named type so outnumbers the others that the fee-charging agencies as a class are usually thought of as general labor agencies.

Toward private agencies as a class employers are either indifferent or suspicious; while workers, both organized and unorganized, are definitely hostile. Very few employers interviewed had confidence in the private agencies or regarded them as anything but a last resort for getting workmen; and where their experience had been satisfactory it was practically always with the higher class technical bureaus. Organized labor has of course, long been opposed to the private bureaus, charging that they are used as strike-breaking agencies, that they inevitably favor the employer, that their sole purpose is to exploit the worker.

The Public Employment Bureau.—Finally, organized employment work is also carried on by governmental agencies, national, state, or municipal, either separately or in combination. These bureaus are supported by public funds, and the bureau workers are public officials.

In some respects the public exchanges are similar to the private fee-charging agencies. In general, neither is controlled by one side, employer or worker (to the extent at least that control is exercised in employers' and union bureaus). Thus neither provides the assistance in bargaining power which usually inheres in employers' bureaus for employers or in union bureaus for workers. They are moreover open to all employers and all workmen and in the main, open to all employers on equal terms and all workers on equal terms. There are however important differences between the public and the commercial bureaus which have influenced the attitude of both parties toward them: (1) the service of the public bureau is borne by taxpayers, not by the applicants; (2) public bureaus although intended to be non-partisan can be controlled in the interests of either employers or workers; and (3), if controlled by one side or the other, the government organization can be used for partisan purposes much more effectively than can the small private organization.[1]

[1] I doubt whether a public employment bureau could be used for partisan labor purposes more effectively than can a small private bureau be used for the partisan purposes of employers. The employer can bring in many communities a very great pressure to bear on the private bureau.—Note by HARRY W. LAIDLER.

The fact that the public bureau offers free service influences naturally the attitude of the worker toward the public bureau as opposed to a fee-charging agency. To apply there is much more in "the line of least resistance" than to go to an agency which may require a registration fee before it gives any service at all and which will certainly deduct a large portion of the first wages for whatever service it renders.

To a combination of the second and third points can be ascribed much of the employers' opposition to the continuance of the United States Employment Service, and the workers' support of it. Private agencies are very largely dependent on the patronage of employers. It was a great change in the situation to find—as they thought, whether rightly or wrongly—that the United States Employment Service, organized on a national scale and with the authority of the federal government behind it, showed more sympathy than the commercial bureaus did for the interest of the workers, particularly union workers.

While the resolutions passed by employers' associations soon after the Armistice appear to have been part of the propaganda against the United States Employment Service, as it was operated in 1918 and the early part of 1919, rather than against public employment bureaus as such, many individual employers were found who were opposed to public bureaus however organized and administered.

The fact that trade unions passed resolutions supporting the United States Employment Service with the same unanimity that employers condemned it, tends to support the contention of the employers regarding union control. All but three of the labor organizations from which replies were received in answer to our general inquiry had gone on record as favoring the Service; and the American Federation of Labor in its 1919 convention by a large majority endorsed "the Nolan Bill for the continuation of the United States Employment Service."

The attitude of the unions, however, was not entirely due to a desire to gain control. For years they had been bitter opponents of the private agencies because of alleged abuses. Even if they could not obtain the upper hand in the administration of the public bureaus the unions thought they gained something in the establishment of bureaus controlled by neither side.

The history of the United States Employment Service shows that the assurance of a strictly neutral attitude becomes one of the most serious problems which confronts any employment service. That it is not necessarily an inherent danger, nor one which cannot be eliminated is shown by the history of a number of the state employment systems, particularly those of Wisconsin, Massachusetts, Ohio, and New York, where among large numbers of employers interviewed, complaint of this kind was very seldom encountered. Experience indicates that in this as in other lesser difficulties which have arisen in the public service the weakness can be

solved by proper attention to administrative methods. In the case of the United States Employment Service, set up almost over night as a war measure, there was not time to perfect methods nor did it seem possible in the rapid wartime expansion to take advantage fully of experience. The marvel was that the Service did not lay itself open to more criticism.

One other important weakness laid at the door of the public bureaus is the danger that the workers who are appointed to the bureaus will secure office through political or other influence rather than on the ground of their equipment for the duties involved. This again is not to be regarded as an insurmountable difficulty since the experience in some of the state and local public bureaus has demonstrated that it is possible to secure and retain a satisfactory grade of personnel. Moreover, in other forms of public service, particularly those like the public schools, post office, and offices carrying heavy financial responsibilities, where the public in general has become convinced of the importance of efficient service, it has been possible to secure a comparatively high grade of personnel.

VI. THE CASE OF THOSE WHO ADVOCATE A PUBLIC EMPLOYMENT SERVICE

It has been seen that four important direct and unorganized methods have been developed to meet the needs of employers and workers in making employment contacts; and seven important organized methods or agencies. Behind each there has been a different set of reasons and motives; each has been the outgrowth of special objectives and interests which in turn have left their mark on the character of the institution. Each has a particular significance for and contribution to the further development of organized employment work.

It has also been seen that the direct or unorganized methods of making employment contacts are inadequate. For the vast majority of workmen and employers unorganized methods mean a great loss of time in securing work or workers. While use will undoubtedly be made of the unorganized instrumentalities for a long time to come, they at best can handle only a small proportion of the cases. Some type of organized service seems needed—some type which will meet the requirements of industry and the community better than they are met at present.

Which, then, of the seven forms of organized employment work, with which we have had experience, offers the greatest promise of meeting these present and future needs?

An absolute and unqualified answer to this question at this time is not possible—certainly not within the space here available. All of the organized methods, as has been seen, have various weaknesses as well as advantages. With both fully in mind, however, and with full appreciation also of the reasons why the other agencies and bureaus have come

into existence and have enlisted ardent supporters, the answer, on the basis of our investigations and contact with people interested in employment from all angles, seems reasonably clear. The greatest promise seems to lie in the development and raising to a high standard of efficiency of a national system of public employment bureaus.[1] Among the more important sets of facts pointing to this conclusion are four:

Number of Workers to be Placed.—The first is quantitative. There were in the United States, according to the census of 1920, some 42,000,000 persons having gainful occupations, of whom about 31,000,000 were wage- and salary-earners. There were at that time probably less than 5,000,000 members of trade unions.[2] Even if we assume that the trade unions entirely fill the need for employment assistance for their own members (a fact by no means certain), this leaves 26,000,000 to be served by employers' association bureaus, fraternal and professional bureaus, philanthropic, private, and public bureaus, and the various unorganized forms of contact-making.

In practically every industrial and occupational group there is need for organized assistance in finding jobs for workers and workers for jobs. It may be limited to a small percentage of the group, or it may be spread over the entire number; but practically no trade or industry is found where the demand will not sooner or later be made for some degree of organized assistance.

The maximum limit of the annual need is not indicated simply by the 26,000,000 workers, but rather by the total number of jobs which they hold in a year. During 1918 the United States Bureau of Labor Statistics made a study of labor turnover in representative factories in Cleveland, Cincinnati, and Detroit. The turnover was above 150 per cent in 80 per cent of the factories in Cleveland, in 78 per cent of the Cincinnati factories, and in over 80 per cent of those in Detroit. In Cleveland two-thirds of the factories had a turnover that ran above 200 per cent, in Cincinnati one-third, and in Detroit three-fourths. For the industrial workers covered in these three cities each person held on the average over two jobs a year.

Again, in some of the fields where the need for organized employment work is clearest, the census figures are illuminating. There are over 2,300,000 farm laborers, not working at home, subject to the seasonal fluctuations in demand for labor and the necessity of moving from one

[1] Evidence gathered points to the desirability of making the state the administrative unit, with federal machinery for coordinating the system, and with local cooperation to make the bureaus function to their fullest possibilities. For a fuller discussion of the question of organization and administration of a national system of public employment bureaus, the reader is again referred to the forthcoming report, in the Russell Sage Foundation publications, parts of which are here summarized.

[2] The estimate of GEORGE E. BARNETT, American Economic Association, December, 1921, *Papers and Proceedings of the Thirty-fourth Annual Meeting*, p. 55.

place to another, which farm work for the most part entails. Over 3,000,000 men and women are reported by the census as employed in domestic and personal service, thus giving us in these two groups representing on the whole what has in the past been the maximum quantitative need for employment assistance, a little over 5,000,000 men and women whose employers need help perhaps as much as the workers themselves. There were moreover nearly 762,000 teachers, 300,000 nurses trained and not trained, 176,000 agents, canvassers and collectors, and 3,000,000 in other clerical occupations—to name only a few of the specific occupations where a pressing need for organized employment work has been generally recognized.

The non-public agencies or mediums (other than the union bureaus) which have been developed to meet this need in an organized way include; (1) "want-ads," which by causing people to change jobs tend to increase rather than lessen the labor turnover and which are objectionable on other grounds; (2) a small number of bureaus operated by employers' associations doing almost a negligible amount of placement work when the aggregate need is considered; (3) a relatively small number of bureaus maintained by philanthropic organizations in a few of the larger cities and performing also a limited service due to the fact that they are concerned only or chiefly with certain special groups of workers, in the main the handicapped; (4) a small group of agencies conducted by fraternal and professional societies and the like, which since their service is available only to members, also touched a relatively small number of people; and (5) between 2,500 and 5,000 private fee-charging bureaus, which cannot cover the vast field left after the other organized and unorganized non-public agencies have done what they can.

There are no available data upon which to form an accurate estimate of the total business done through the private bureaus. In some instances, however, reports of placements are made by these agencies to the licensing bureaus. In Illinois in the year 1917–1918, according to the Chief Inspector of Private Agencies, 593,482 people were placed by them. This figure is substantial, but there must have been at that time upwards of 2,000,000 wage-earners in Illinois, who with a general turnover of only 100 per cent, would in that year have represented four times as many potential placements as the number actually made by the private bureaus.

The private agencies in Wisconsin placed 14,950 people in the year 1916–1917 and 20,967 in 1917–1918, a number which compared to the wage-earners of the state, or even the work of the public bureaus, is insignificant. Similarly, what facts were available for other states indicate that the fee-charging bureaus in placing workers were handling only a comparatively small part of the work of this kind which needed to be done. There is no evidence that the business of this type of bureau is increasing sufficiently to cover the entire field.

Important Fields Left Undeveloped.—It is altogether improbable that the fee-charging bureaus, which from a quantitative standpoint offer more promise than the other non-public agencies, can cover the field because the commercial agencies are interested in rendering employment service where it is profitable. They will operate only at the places where the need for such a service reaches a point which will enable the managers to clear something for the business. These will be the localities in which the demand for jobs and for workers is greatest; localities with smaller demands will necessarily be neglected. The great concentration of fee-charging agencies in New York, Chicago, and several other centers is illustrative. Indeed, even in the larger centers there is reason to question whether the fee-charging agencies can fully meet the need for making employment contacts, as is indicated by the fact that even in localities where private agencies have been long established, the public bureaus soon find it possible to do a capacity business.

There are also certain special groups of workers who are not now adequately served because, among other things, their business is not sufficiently profitable to the bureaus. One of these groups is the juvenile workers. Because of their inexperience and need for protection, and their almost total lack of technique of finding proper jobs for themselves, perhaps more than any other group they require organized assistance; and for them comparatively little is being done. A few philanthropic agencies, a certain amount of organized work being conducted in an experimental way by the schools in some of the largest cities, a junior employment service in a very few states, do not represent even adequate pioneering. Much the same thing is to be said for the physically handicapped, and for certain racial or national groups, such as negroes and immigrants. If these are to be taken care of in a way even approaching adequacy, it seems probable that the work must be done through the public or governmental agencies.

Need of System National in Scope.—It became increasingly evident as our investigations proceeded, that if we are to have a system of employment contact-making which will in reality help the employer find the best workers for his kind of enterprise, aid the worker to find the work at which he can do his best, and thus increase in general our national industrial efficiency by reducing the waste due to lack of information on available openings and to workers being placed in jobs where they are misfits—if we are to have a system of employment work that will do its share toward this end, it must be large enough to see our industrial situation as a whole. It must also provide the machinery for opening up opportunities to workers in many industries and localities, and similarly it must be able to give employers wider ranges of choice than their immediate industry or locality. The only substantial hope of a system which can meet these needs adequately would seem to lie in the public bureaus

working together through a certain amount of national coordinating machinery.

Requirements of Impartiality.—And finally, it has already been seen that the question of neutrality as between conflicting industrial interests is essential if employment work is to succeed. Here again the public bureaus offer the greatest promise among the organized agencies.

The case of those who advocate public employment bureaus, then may be summed up as follows:

The organized employment work being done through "want-ads," and by the labor unions, employers' associations, fraternal and technical associations, philanthropic societies, and the fee-charging agencies, falls far short of the needs of the country. Some industries and regions cannot be served by the fee-charging bureau because their business is not sufficiently profitable. And even in some important fields like the harvesting of wheat where it does seem profitable for the private bureaus to operate, there is lack of coordination and waste for both employers and workers. A system of employment is needed large enough to see our industrial situation as a whole and the most substantial hope of such a system lies in the public bureaus. Finally, in the important matter of neutrality in organized employment work, the public bureaus offer the greatest promise of reasonably satisfactory results.

In addition to these four main considerations, the advocate of public bureaus would add that we have had sufficient experience with such bureaus in this country to show that they may be expected to produce satisfactory results in actual practice. Notwithstanding certain weaknesses exhibited by the rapidly expanded United States Employment Service during the war, even that Service had much to its credit; and the work done in many of the state bureaus has been of sufficient quality to gain for it increasing public favor, as evidenced by the increasing financial support supplied by state legislatures.

Gradual Development of Public Service.—In view of the many forms and methods of employment work which are found in use, and of the reasons why some of these methods are adhered to at one place and some at another, the change from employment work as now carried on to a situation where a maximum proportion of all employment work is done through the public agencies, if it comes about, will be gradual. A gradual change will allow the public system first to handle the more urgent and as far as possible the less difficult fields of operation, and thus to build solidly upon a foundation of practical experiences for handling the more highly technical work.

VII. PUBLIC EMPLOYMENT OFFICES AND THE PROBLEMS OF UNEMPLOYMENT

Whether the establishment of a comprehensive national system of public employment offices comes about soon or has a gradual develop-

ment, it is important that the influence such a system may have upon unemployment be recognized and at the same time not overestimated. That it will have a potent influence toward the reduction and prevention of unemployment is expected; but it must be admitted that the setting up of public employment bureaus is only one of several measures to be considered in framing a program to reduce unemployment.

The conclusion has too often been jumped at that, once public labor exchanges were established, the problem of unemployment would be solved; the moment we have unemployment we must establish a public employment bureau, and then the trouble will be over. The leaders in the movement however have had no illusions in the matter. Our discussions with those who have been longest at work on employment bureau questions have shown that they recognized from the beginning that public employment exchanges could not make jobs in periods of depression when or where there were no jobs, and that in periods of prosperity and labor shortage they could not discover more workers when the supply was fixed and no more were to be found.

But the advocates of public labor exchanges did have very clearly in mind certain services which would tend to reduce unemployment and labor shortage at all times, either prosperous or depressed. They thought that a well-functioning system of public labor exchanges could reduce the amount of time lost in job-getting and in the securing of labor by employers and thus reduce waste and unnecessary idleness.

The argument on this head runs as follows: Because of the changing demand and the semi-mobility of labor, each industrial center (particularly where there is considerable casual labor) tends to create an individual labor reserve, which will be drawn upon when the demand in that center is at a maximum and allowed to accumulate in slack periods. The actual situation is of course by no means simple. The reserves of a single plant are never clearly separated. A particular individual, out of work, may be a more regular workman than others then employed. The individual employment manager can seldom say, "There is our permanent force, there are our reserves." But he will admit that when business is slack, men are laid off, and when business picks up again, extra laborers will be taken on.

This tendency to build up individual reserves not only adds to the total amount of unemployment, but makes it a continuous phenomenon. The total labor force attracted to a center is not and probably never can be employed continuously.

It is this situation which has caused the advocacy of an organized labor market. If hiring at individual plants in New York means building up individual labor reserves for each plant, then a central employment office in New York through which everybody will be hired, will pool these separate reserves. In the words of Beveridge, the plan is "that all the

irregular men for each group of similar employers should be taken on from a common center or exchange, and that this exchange should so far as possible concentrate employment upon the smallest number that will suffice for the work of the group as a whole."[1] This will help to decasualize these workers by releasing a certain number for other jobs. That it is usually possible for workers "squeezed out" in this way to secure jobs elsewhere has been indicated in the past by the ability of this country for considerable periods at a time to absorb large numbers of immigrants. It was pointed out further by one prominent employment bureau official that the "squeezed out" can still more certainly be taken care of if immigration is checked for a time. It is the application of this idea to all industry which will doubtless bring a reduction of unemployment, although it is fully appreciated that it will not entirely eliminate the labor reserve.

Other Ways in Which Public Bureaus May Affect Unemployment. Again, the effect of public bureaus upon unemployment includes a certain amount of assistance toward the long-range planning of public works. The public bureaus can supply figures regarding the general demand for and supply of labor which will help in determining the best time for engaging in public works. Bureaus are automatically collecting information on these matters, together with facts as to wages, hours and the general condition of employment. It has been urged that a centralized employment bureau could thus provide a valuable measure of unemployment. Special investigations may be and are being conducted, but the advantage of the employment bureau information would be that it is continuous, up-to-date, and if properly handled, always available. During the war the United States Employment Service not only published a bulletin for general information and propaganda, but also a weekly statistical report which carried the reports of the bureaus, and estimates as to the demand and supply of labor based on figures gathered from employers. It is true that the records in the past have not been all that they should be, but the data from the bureaus might readily be improved.

Further, the public bureaus might furnish information of value in vocational guidance, indicating dying trades, new lines of development, and other trends in the employment field. This would ultimately affect unemployment through a more precise adjustment of the supply of workers to the numbers demanded in different occupations.

Finally, in still another way public employment bureaus, it is argued, might have an important influence on this problem. Unemployment insurance is urged as providing, among other things, a financial incentive

[1] BEVERIDGE, W. H., "Unemployment: A Problem of Industry," 1919, p. 201, for further discussion of this point and for Beveridge's classic illustration of the way in which these reserves would be eliminated through the organization of the labor market.

to industry to eliminate irregular work. If the time ever comes in this country when some system of public unemployment insurance is set up, public employment exchanges will be necessary for its administration, if for no other reason because no other organization can be so well situated as they for making accurate "work tests" as to when workers are actually unemployed. Abuses of the insurance system may thus be controlled through the knowledge of opportunities for employment which the exchanges would have.

A national system of public employment exchanges is thus seen to be one of the proposals which merit careful consideration in any comprehensive program for the reduction of unemployment.