

THE PROBLEM OF UNEMPLOYMENT

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TO
FRANCES PERKINS
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DEVOTED SERVANTS OF THE COMMON GOOD

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PAUL H. DOUGLAS

AARON DIRECTOR

Chicago, February 26, 1931.

PREFACE

This volume is the result of a suggestion made by a group of business men in Philadelphia and New York that there should be undertaken at Swarthmore College a comprehensive and continuing study of the problem of unemployment, including the results of economic research and of practical measures for regularization which were being undertaken in various industries.

The Board of Managers of the College quite reasonably felt that it would be unwise to embark on so far reaching and expensive a project, one which was out of the line of ordinary academic work, without a preliminary survey of the field. Funds for this survey were generously given by a donor who refuses to allow his name to be mentioned, and Professor Paul H. Douglas of the University of Chicago was invited to come to Swarthmore to undertake it.

The task which Professor Douglas was called upon to do was a difficult one, and he accomplished it with a success which far outran the expectations of all those connected with the study. It was nothing less than to analyze the vast amount of material which had been printed on the subject, to bring together fugitive reports of experiments in the regularization of employment in a hundred different industries, to summarize the experiences of other countries in the organization of employment exchanges and plans for unemployment insurance, and to organize all this material on the various aspects of the question in such a way as to indicate what are the most promising lines of inquiry and by what means definite results could best be reached. That achievement, of which this volume is the permanent record, constitutes the first and most important step in attacking the problem.

This book is the report which Professor Douglas and his assistant, Mr. Aaron Director, made to the authorities of Swarthmore College. It has been accepted by the Board of Managers as a program for further research which will be undertaken at Swarthmore, provided sufficient funds can be found for that purpose. If these funds are not available, the book will nevertheless constitute an important contribution to the subject.

The proposed study of unemployment at Swarthmore met a hearty response from leaders in economics and in industry from the moment that it was announced. During the time that he was in residence at the College Professor Douglas was called upon to act as technical adviser to the New York Commission on Reducing Unemployment and drafted their report; he served as secretary of Governor Pinchot's Pennsylvania Committee on Unemployment and wrote the report of that Committee; he assisted Miss Perkins, Industrial Commissioner of New York, in preparing for the Governor's Conference on Unemployment called by Governor Roosevelt, and was able to render useful service to the Conference during its sessions in New York, January 23rd and 24th. In addition he assisted in the drafting of unemployment insurance bills which are now proposed in various states, including Ohio, Illinois, and Michigan; and at the request of the Board of Arbitration of the Women's Clothing Industry in Cleveland he drew up the report upon which the final award of that body was based. Had time permitted and had it been possible to employ a sufficiently large staff, the number of these practical activities could have been largely increased.

Both the work which Professor Douglas did and the opportunities which he was compelled to refuse demonstrate the need for such a study as has been planned at Swarthmore. The unique feature of that plan was the proposal to bring the results of economic research directly to the service of industries which were seeking to regularize employment and of public agencies which were making plans for em-

ployment exchanges and for schemes of insurance against unemployment.

The whole question has much in common with many problems of public health which have been solved by the application of scientific research to methods of public administration. There is probably no disease which is the cause of more human misery than results directly or indirectly from unemployment. This fact is apparent to the general public in periods of industrial depression like the present, but it is not widely realized that irregularities of employment, "unemployment within employment," the prejudice against older workers and the introduction of labor saving machinery, cause acute misery to large sections of the laboring class in times of prosperity as well.

Unemployment is like disease furthermore in the complicated nature of its causes and in the vast amount of scientific knowledge and scientific research which must underlie any effective measures for its amelioration. In questions of public health this is well understood. There are many organizations for research into the causes and care of various diseases not merely of men but of plants and animals as well, but no similar effort has ever been made on an adequate scale to understand unemployment. Only by some such method is there any hope of controlling this disease of our economic system. It cannot be cured by muddling through. Our industrial organization is a vast and complicated machine which only the expert can understand and which has never yet run smoothly for any very long time, in any country, in any generation, since the Industrial Revolution. The difficulties are mainly caused not by lack of good-will on the part either of labor or of capital, but by lack of understanding of the complicated issues involved.

The failure of our industrial organization to function smoothly, the fact that men must starve because they have produced too much food, or go naked because they have produced too many clothes, or sleep in the parks because

they have built too many houses—this failure is fraught with the gravest consequences to the security and well-being of all industrial states. It seems clear that our only hope of reducing unemployment lies in bringing the best brains in economics and in industry to a coöperative study of the problem. The economists can never solve it by theoretical methods alone, and it seems clearly futile to expect that the practical men will be able to solve it by rules of thumb. Only in some combination of the best ideas of both is there any hope of success.

It is precisely to effect that combination that the Swarthmore study was planned. Professor Douglas has stated in the following pages the elements of the problem. Bringing together a staff of the best men of the country to grapple with the questions involved would be expensive. But the cost would be only a tiny fraction of the immense sums that have been spent this winter in attempts to relieve the misery inevitable in the present situation.

The suffering of the millions who have been out of work during the last few months has appealed profoundly to the sympathies of thinking people throughout the country. A magnificent attempt has been made on an unprecedented scale to relieve this widespread destitution. But all this effort, splendid as it was, has done almost nothing to cure the disease. Only research jointly conducted by scholars in their libraries and by industrialists in their factories can do that.

Such a study would be useless unless it could be continued through a period of years. With that assurance there seems to be at least a hope of definite and practical results. If the necessary funds to support it are forthcoming, the research will be undertaken at Swarthmore; if they are not, it is our hope that Professor Douglas' incisive statement of the problem will stimulate the undertaking of a similar study elsewhere.

FRANK AYDELOTTE.

Swarthmore College
March 1931

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