

UNEMPLOYMENT

A PROBLEM OF INDUSTRY

(1909 AND 1930)

BY

W. H. BEVERIDGE

K.C.B., M.A., B.C.L. (OXON.), D.Sc. (ECON.) (LONDON)

HON. LL.D. (ABERDEEN), HON. LL.D. (CHICAGO)

DIRECTOR OF THE LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE
FORMERLY SUBWARDEN OF TOYNBEE HALL, AND DIRECTOR OF LABOUR EXCHANGES
AND ASSISTANT SECRETARY TO THE BOARD OF TRADE

NEW IMPRESSION

LONGMANS, GREEN AND CO.
LONDON ♦ NEW YORK ♦ TORONTO

1931

UNEMPLOYMENT

LONGMANS, GREEN AND CO. LTD.

39 PATERNOSTER ROW, LONDON, E.C. 4
6 OLD COURT HOUSE STREET, CALCUTTA
53 NICOL ROAD, BOMBAY
36A MOUNT ROAD, MADRAS

LONGMANS, GREEN AND CO.

55 FIFTH AVENUE, NEW YORK
221 EAST 20TH STREET, CHICAGO
88 TREMONT STREET, BOSTON
128-132 UNIVERSITY AVENUE, TORONTO

Made in Great Britain

TO
MY FATHER AND MY MOTHER

—AND TO THEIR MEMORY—

THIS BOOK IS DEDICATED
WITH THE HOPE THAT, IN A DIFFERENT FIELD
OF STUDY FROM THEIRS, IT MAY YET
APPEAR TOUCHED BY SOMETHING
OF THEIR OWN SPIRIT.

PREFACE TO EDITION OF 1930.

THE substance of Part I of this volume was given in lectures delivered in the University of Oxford during Michaelmas Term, 1908. The substance of Part II was given in lectures delivered in the University of Chicago during December, 1929. Some explanation of the appearance as a single work of studies so widely separated in time may seem to be required.

For ten years after the issue of the first edition of this book, in the spring of 1909, my official position in the British Civil Service precluded free public comment by myself on unemployment and policies for dealing with it. The book was reprinted—altogether four times—without change, beyond correction of errors and addition in Appendices of such public documents as the Labour Exchanges Act of 1909, Part II of the National Insurance Act of 1911 dealing with unemployment insurance, and the regulations made under these Acts.

On leaving the Civil Service in the autumn of 1919, one of my first acts was to get a volume of the current edition—already long out of print—dissected and mounted on sheets for additions and corrections; my aim then was to make a new edition revised and up to date throughout. The dissected volume remained in a cupboard untouched from December, 1919, till the summer of 1928; though the official barrier to my writing had gone, administrative occupations in the School of Economics and the University of London proved almost as absorbing as the Civil Service had done before. I had, however, at one time during this period, when a break in these occupations seemed likely, secured the services of Mr. L. C. Robbins (now Professor of Economics in the University of London) to work over the book and the new

material available since 1909. He very soon reported to me his conclusion that nothing was to be gained, commensurate with the labour involved, in bringing what had been written in 1908 verbally and formally up to date—changing tenses, replacing older by newer figures in support of the same argument, continuing figures, such as those dealing with *Distress Committees* in Chapter VIII beyond the point at which they ceased to be significant. He advised—and convinced me—that I should reprint the original book without change, but with later figures available for those who wished them in a Supplement, and with a second part dealing with new developments both of the problem and of policies since 1909. This accordingly is the form taken by the edition of 1930. Part I stands as it was written in 1909, subject to a few corrections of bad style or grammar and of errors of fact and figure.

I hope that the book may still be read as one, and in that hope have kept Part II as short and as relevant to Part I as possible. I have attempted, not to write a comprehensive treatise on unemployment and all that is known of it in 1930, but to show how a theory of unemployment deduced from facts known in 1909, has stood the test of experience, and what has happened to policies based on that theory. This is my excuse for neglecting, as I should not otherwise have had any excuse for neglecting, the international aspects of the problem and the light to be thrown on it by comparisons from other countries. Nor can I pretend to have studied all that has been written of recent years, even about unemployment in this country. I have left out the bibliography which appeared in earlier editions; its place has been amply filled by other students. I have left out all but one of the original Appendices.

Part I of course is dated throughout and contains much that is now out of date, such as the discussion of the sources of information in Chapter III or of the causes of cyclical fluctuation in Chapter IV. Though, however, the sources of information in Chapter III are now, for Britain, superseded by statistics obtained in the working of Labour Exchanges and unemployment insurance, some of the arguments in that chapter may still have relevance for other countries which have to rely on less perfect

sources. Though, again, the Distress Committees described in Chapter VIII have vanished, their experience has a permanent application to the policy of relief work.

I have done my best to save readers of Part I from being misled into out-of-date inferences on points of detail, by giving in the Statistical Supplement not simply all the figures up to date, but comments on all the conclusions in that part on which revision or caution seems called for by later experience or criticism. The main arguments of Part I are still, so far as I can judge of them, valid, though I do not claim that it is easy for me to judge them impartially. The most substantial theoretic criticism of which I know was made to me in conversation eight or nine years ago by Professor Verrijn Stuart, who urged that in any new edition I should pay attention to the relation between wages and unemployment; readers of Chapter XVI will see how right Professor Stuart was. In correction of what is said in Chapter XI, it has now to be said that, for unemployment to be always in process of disappearing, it is not sufficient that the demand for labour should be single and the supply of labour perfectly fluid; the price of labour must also be agreed on, at a point within the productivity of the marginal labourer. In correction of what is said in Chapter IX, it has now to be said that the problem of curing unemployment to-day *is* to some extent a problem of securing a general balance between the growth of the demand for labour and the growth of the supply; as soon as wages cease to be plastic the balance is no longer secured automatically by economic forces.

Fuller recognition of the part that can in practice be played by wages in determining the scale of unemployment is the main new feature of Part II. With this goes appreciation of the changed aspect of the population problem, best illustrated by reading successively Chapter I and Chapter XVII. Another point noted in Chapter XVI is one of emphasis alone; changes of industrial structure, long recognised as potential causes, for almost the first time assume importance as actual causes of unemployment in the aftermath of war.

Part II is largely concerned with discussion of activities and policies in which for a time I had some share. As a guide to my personal equation, I should record that, having entered the Board

of Trade on a temporary basis in July, 1908, I became Director of Labour Exchanges in July, 1909. In that capacity I was concerned both in devising under Sir Hubert Llewellyn Smith, then Permanent Secretary to the Board of Trade, the unemployment insurance scheme of 1911, and in administering, with the co-operation of Mr. C. F. Rey as General Manager, the joint service of Labour Exchanges and unemployment insurance. From the spring of 1915 onwards I was largely absorbed in the work of the Ministry of Munitions, but retained my position in the Board of Trade, and was concerned in the partial extension of unemployment insurance in 1916. In the autumn of that year I was put in charge, as Assistant-Secretary, of the newly constituted Employment Department of the Board of Trade, combining exchanges, insurance, trade boards, food prices, and one or two other items. At the beginning of 1917, however, all these matters, except the embryo control of food prices, went to the newly established Ministry of Labour; I remained nominally attached to the Board of Trade, but practically absorbed in the Ministry of Food till I left the Civil Service in September, 1919. I was thus without administrative responsibility for any dealing with unemployment after the end of 1916. I served, however, as Chairman of the Civil War Workers Sub-Committee, under the Ministry of Reconstruction, which recommended generalisation of unemployment insurance in February, 1918, and as member of a Departmental Committee appointed by the Minister of Labour to frame a scheme for this purpose in 1919. I was a witness before the Committee of Enquiry into Labour Exchanges in 1920. This is my last practical association of any kind with the problem of unemployment or the means of dealing with it.

Part II has been written largely in hours and circumstances in which the writing of books should not after the age of thirty be attempted, in scraps of time filched from administration and punctured by interviews, after endless afternoons of committees, at sea and when on the sick list for other reasons, in railway trains, and in bed. This preface, but for necessary reference to later events, such as the Sidney Ball Lecture, would have been dated from "The Wolverine (Eastbound and Snowbound)—December 18, 1929." In the last stage of all, three weeks of

abnormal temperature and the subsequent convalescence, acting as a restraint on administration, made it possible for the text of the final chapters to reach the printer a month earlier than would otherwise have been the case. Part I had much the same experience of birth-times and birth-places, but the parent's age was different and his practical activities centred round the subject of his writing. No one (I hope) can be more conscious than myself of the looseness of joints and roughness of skin, that a work born as Part II has been must show. But since Part I is still in demand, Part II cannot be allowed to block the way for ever.

Such as it is, Part II could never have appeared without help of all kinds which twenty years ago would not have been at my service. First and foremost here I must thank my statistical assistant, Miss F. J. Nicholas, who has untiringly collected information and compiled and re-compiled tables, cheerfully hunted at my request unimportant references and screaming red herrings, checked nearly every figure, and (I hope) caught and killed every misprint.

My indebtedness to Mr. L. C. Robbins, when he was my research assistant, for suggesting the form of this new edition, has already been acknowledged; in that capacity he did much of the work also of bringing up to date the figures in the Statistical Supplement. In other and later capacities he has been yet more helpful. Part II of this volume forms a thesis submitted by myself as an internal student of the University of London, registered at the School of Economics under statute 113 of the old constitution, for the degree of Doctor of Science in Economics; this was the only way open to me of becoming in 1930 a full member of the University of which I had been Vice-Chancellor from 1926 to 1928. Professor Robbins has been the official supervisor of my studies and one of the examiners to whom my thesis has been referred. While it would be both premature and improper to thank him for his services as examiner, I may thank him, as my supervisor and colleague, for invaluable criticisms and suggestions on nearly every chapter.

The Index, made originally by Mr. A. Andrews-Uthwatt, has been extended by Miss Elspeth Mair.

I have to thank the Barnett Trustees for allowing me, with-

out derogation of their copyright, to incorporate in Chapters XIV and XVIII most of the Sidney Ball lecture on "The Past and Present of Unemployment Insurance" delivered by me on 7th February, 1930. The last chapter is printed as an article in the current number of the *Political Quarterly*. Parts of other chapters have appeared at various dates, as articles in the *Economic Journal* and *Economica*, and I acknowledge the courtesy accorded me of using them freely.

W. H. B.

94 CAMPDEN HILL ROAD,
July, 1930.

PREFACE TO FIRST EDITION.

THIS volume contains a course of lectures delivered in Oxford, during Michaelmas term of the year now ending, for the Delegates of the Common University Fund. Its object is to combine a record of the principal facts of unemployment with a continuous argument as to the causes of unemployment. It includes a good deal of matter from published sources to which in the lectures I merely gave references, and appendices, the most important of which deal with "Public Labour Exchanges in Germany"¹ (reprinted from the *Economic Journal* for March, 1908) and "Methods of Seeking Employment in Great Britain".

I am only too conscious that the treatment given in the following pages to one of the most perplexing and urgent of industrial problems is in many points defective; that, not once but many times, I have been compelled to leave the record of facts or their analysis incomplete, to give probabilities in place of searching for certainties, to turn back unsatisfied from whole fields of inquiry as fascinating as they are important. Among these last is to be mentioned particularly the problem of the underlying causes of cyclical fluctuation in trade and employment. In so far as the main obstacle to further inquiry into these causes has, in my case, been immersion in actual dealing with distress as member of the Central (Unemployed) Body for London during the past three years, I can only hope that the following discussion may prove to have gained on the side of practical experience something to set against what it has lost on the side of theory. After all, whatever may be the underlying causes of cyclical fluctuation, the fact of cyclical fluctuation has to be reckoned with by governments and individuals for many years to come. No analysis of its causes can hope within the range of practical politics, if indeed ever, to dispense with the need for providing against its results.

¹Omitted in the new edition.

Another point of incompleteness is involved in the publication of these lectures now rather than six months or a year hence. The trade of the country appears to be passing through a depression more severe, or at least more general, than any that has occurred within recent times. It is possible, therefore, though, I think, not probable, that the experience of Distress Committees during the present winter may be such as to modify considerably some of the conclusions based upon their working in the past. In any case, however, the modification will be one of emphasis rather than of substance. The present winter's experience may bring to light more distress that can truly be called exceptional. It cannot diminish the seriousness of the distress that is chronic. I would gladly have delayed publication in order to test, by the experience of a fresh and in some ways abnormal winter, the conclusions already drawn. Since circumstances make this delay impossible I can only hope that here, too, loss may be counter-balanced by gain and the present volume have additional value as contributing to discussion at a critical moment.

The final chapters serve to define what needs to be done rather than to set out in section and subsection the way of doing it. They must be judged as a statement of remedial policy, not as a compendium of practical reforms. The guiding principle of this policy is the reduction of the question of unemployment to a question of wages. Along that line alone but along that line certainly will the problem of distress through unemployment at last be solved. It is not in any substantial sense insoluble. The main part of it lies within ascertainable limits. It represents, not an immeasurable and irredeemable failure of the existing social system, but incompleteness of organisation at certain points. There is, indeed, something almost fantastic in supposing that a nation capable of raising the edifice of British industry must be forever baffled by the business problem of organising and maintaining adequately the reserve forces of labour.

The question is simply that of determining that the problem shall be solved. Upon that and that alone depends the practicability of all the essential reforms—of the voluntary or compulsory organisation of the labour market, and of the voluntary or compulsory averaging of earnings. "Practicability" is never anything but a relative term—dependent upon the urgency with which an

object is desired and upon the inconveniences which men are prepared to undergo in its pursuit. It is practicable for most people to run a mile to save a life. It is not practicable for any one to run a mile unless he is prepared to get warm. So it is not practicable for a nation to get a mastery of unemployment without being prepared to submit to some change of industrial methods and customs. The problem of unemployment—this is a point that cannot be too strongly emphasised—is insoluble by any mere expenditure of public money. It represents not a want to be satisfied but a disease to be eradicated. It needs not money so much as thought and organisation. It needs above all to be taken seriously. A problem of industrial organisation is not taken seriously so long as it is left to the Poor Law or to “Distress” Committees, so long as it is forgotten with every temporary improvement of trade, so long as it is made a peg on which to hang all other projects of social or political change.

I have to thank many friends for help in the publication of these lectures—more particularly my aunt Mrs. North, who collected and prepared the material for many of the statistical tables; Mr. A. Andrewes-Uthwatt, who read a large part of the proofs and compiled the index; and Mr. J. S. Nicholson, who is mainly responsible for the bibliography and also gave invaluable aid at the last moment in completing statistics and verifying references.

I have to thank also the Editors of the *Albany Review*, the *Contemporary Review* and the *Economic Journal* for placing at my disposal again matter which had already appeared in those periodicals.

W. H. BEVERIDGE.

December, 1908.

CONTENTS.

PART I. (1909).

CHAPTER I.

	PAGE
THE PROBLEM AND ITS LIMITS	I
Growth of sense of public responsibility in regard to unemployment. Growth of accurate knowledge; general theory of causes now possible. Inquiry must be (a) economic, (b) as to unemployment rather than as to the unemployed. The problem that of the adjustment of supply of and demand for labour.	
The forces making for adjustment. Supply influenced by demand; demand ultimately governed by supply. The demand for the products of labour unlimited. This demand, however, is not for the products of labour alone but for those of labour in combination with land and capital. Relations of labour and land. No shortage of latter. No pressure of population on the means of subsistence to-day. Relations of labour and capital. No general displacement of men by machines. The reward to labour rising not falling. The negative conclusion reached: Unemployment does not represent general failure of adjustment between growth of supply of labour and growth of demand. The positive conclusion reached: Unemployment does represent specific imperfections of adjustment. Changes of industrial structure. Fluctuations of industrial activity. The glutting of the labour market. Outline of subsequent discussion.	
The positive conclusion more certain and more important than the negative conclusion. A rising demand for labour no cure for unemployment.	

CHAPTER II.

THE SOURCES OF INFORMATION	16
1. The unemployed percentage. Returns from trade unions paying unemployed benefit. Percentages 1894-1908. Returns fairly complete as to unions reporting. Not a fair sample of the whole of industry. Stable trades unrepresented. Fluctuating trades over-represented. No account taken of short time. The unemployed percentage no indication of the volume of general unemployment but only of its growth or diminution.	
2. Records of Distress Committees. Include only distressed unemployed. Detailed information as to applicants.	
3. Subsidiary sources of information. Statistics of commerce and manufacture. Days worked in coal-mines. Trade union reports. Pauperism. No possibility of numbering the unemployed. Analysis must be of unemployment.	

CHAPTER III.

	PAGE
SEASONAL FLUCTUATIONS	29

A familiar and common phenomenon. Spring and summer trades. Winter trades. Trades dependent on social habits. Differences of period, range, regularity and cause. Seasonal fluctuations met (a) by reduction of hours; (b) by use of subsidiary trades; (c) by private or collective saving. A surface movement. A question less of unemployment than of wages.

CHAPTER IV.

CYCLICAL FLUCTUATION	35
--------------------------------	----

Alternate rise and fall of average unemployed percentage in periods of years. All principal trades affected together. Fluctuation in the labour market, part of general economic ebb and flow. The pulse of the nation. Shown in bank rate, foreign trade, marriage rate, consumption of beer, crime, pauperism, company formation, railway receipts, bankers' clearances, wages, prices. Peculiar features since 1900. Material life of the nation governed by alternations of expansion and contraction.

Causes of cyclical fluctuation still in dispute. Distinction between financial crises and industrial depressions. Two types of theory untenable, *vis.* : those not applicable to all advanced industrial countries alike and those requiring fixed periods. Foreign trade fluctuation of principal countries. Three types of theory still possible: (1) Fluctuation in supply of gold and silver. (2) Misdirection of productive energy. (3) Superfluity of productive energy. The "under-consumption" theory. The competition theory. Cyclical fluctuation as the necessary form of progress under competition

No final theory as to cyclical fluctuation can yet be given. Fluctuation itself certain to continue. Average rate of growth of demand for labour adequate for growth of population; actual rate sometimes greater, sometimes less. Recurrent pressure in labour market more or less successfully met in some trades. Not met by unorganised workmen. Mansion House Relief Funds. Better measures of palliation needed.

CHAPTER V.

THE RESERVE OF LABOUR	68
---------------------------------	----

1. The irreducible minimum of unemployment. Unemployed percentages of skilled men never down to zero. Chronic distress of unskilled men. The paradox of the labour market: general and normal excess of supply over demand. Constitution of irreducible minimum shown by distribution of unemployment in trade unions. Loss of time by many, not chronic idleness of a few. Men out of work on any one day only that day's sample of labour reserve. Confirmation by experience of Distress Committees. The typical applicant is not a chronically unemployed man but a casual labourer, is industrial not parasitic upon industry.
2. Economics of casual employment. Labour reserves swollen (a) by lack of mobility, (b) by chance engagement. Abstract analysis illustrated by London riverside labour. Work at the docks and wharves. Reform by London and India Docks Company. Organised fluidity. The bulk of employment still unorganised. The observed excess of labour. Average earnings of casual dockers.
3. The glutting of the labour market. Other ports than London. Other forms of casual employment. The building trades. Casual employment only acute form of general phenomenon. Dissipation of fluctuating demands causes over-recruiting of all trades. The sense in which methods of employment may be said to call excessive reserves of labour into being.

4. Under-employment. Irreducible minimum only a sample of irregular reserves of labour. Reserve of labour not necessarily so great or so irregular as to involve distress or under-employment. Tendency to glutting of labour market varies in strength and meets with varying obstacles in different occupations. Distinction between skilled and unskilled. "Under-employment" as a form of sweating. The beating down of average earnings to subsistence level. Charity and public relief as subsidies to casual employment. The problem one of business organisation—how to provide properly maintained reserves of labour for fluctuations of demand.

CHAPTER VI.

LOSS AND LACK OF INDUSTRIAL QUALITY III

1. Changes of industrial structure. Illustrated by census. Decay of particular trades. New processes or machines. New forms of labour. Shifting of locality. Common feature the destruction of established livelihoods. Not, however, of great apparent importance. Such changes best considered under a more general heading as one type of factors producing qualitative maladjustment in the labour market. Other factors are age and deficiencies of industrial training.
2. Influence of advancing years. Applicants to Distress Committees drawn in comparable proportions from all ages though more from the later ones. Unemployment not specifically a disease of old age. Popular idea that men get displaced at earlier ages than before contradicted by statistics of superannuation in two important unions. Old men and the standard rate. Advancing years, by destroying adaptability, increase the difficulty of obtaining new employment.
3. Deficiencies of industrial training. The bulk of applicants to Distress Committees have taken to "blind-alley" and uneducative employments on leaving school. Inference from this that improvements of industrial training are the principal remedy for unemployment not justified. Distress Committees register only some, not all the unemployed. Casual labour market recruited from many sources and at all ages; age distribution in residuary and skilled occupations compared. Casual labour dependent upon casual demand. Possible influence of industrial training upon unemployment limited. Need for revival of principle only of apprenticeship—that every boy should be learning something as well as earning.

CHAPTER VII.

THE PERSONAL FACTOR 133

- Defects of character and the volume of unemployment. The vagrant and "unemployable". The half-employable. All instability of character increases unemployment.
- Defects of character and the incidence of unemployment. Unequal efficiency of workmen. The less efficient are dismissed and thereby further demoralised. Concentration of unemployment upon the inferior men illustrated by (a) costliness of relief works, (b) proportions of unpunctuality in good and bad times, (c) statistics of unemployed claims in trade unions. The casual fringe among compositors and bookbinders. Influence of personal character upon the incidence of unemployment a dominant fact of the situation.
- The unemployed present as a rule many economic and personal factors in combination. The limbo of casual labour. The main visible effect of exceptional depression is to accentuate normal poverty—making more casual those who were casual before. Trade union statistics. Numbers unemployed and average period of unemployment in good and bad years respectively. Complication of many factors impedes direct treatment of the unemployed.

CHAPTER VIII.

REMEDIES OF THE PAST	150
1. The able-bodied under the Poor Law. Relief in the workhouse. Relief of family outside and head of family inside the workhouse. Outdoor relief with a labour test. Outdoor relief without a labour test. The casual ward.	
2. Municipal relief works. The circulars of 1886 and 1892. "Work" with no standard of competence.	
3. Special charitable funds. Development in London 1860, 1867, 1885, 1892-5. The "colony system" of 1903-4. Mr. Long's scheme of joint committees, 1904-5.	
4. The Unemployed Workmen Act. Summary of provisions. A conglomerate of ideas from Poor Law, municipal relief work and special charitable funds. Working of Act 1905-8. Numbers and occupations of applicants. Difficulties of investigation and selection. The predominant casual labourer. Cost of relief work. Absence of permanent benefit. Farm colonies. Emigration. Labour Exchanges.	
5. Conclusions as to Unemployed Workmen Act. Departures from original policy in respect of finance, persons to be assisted, conditions of assistance, effect of assistance. Failure to deal with exceptional distress. Assumed advantages of relief by work rather than by money gifts unreal. Need for improved industrial conditions. A country cannot treat its dependants less badly than its citizens. Need for measures of organisation not of relief.	

CHAPTER IX.

PRINCIPLES OF FUTURE POLICY. I. THE ORGANISED FLUIDITY OF LABOUR . 192	
Summary of preceding discussion. Unemployment a matter of fluctuations and changes in the demand for labour. Its treatment a matter of business organisation—to provide reserve power for fluctuations and to ease transitions. Criticism of proposals for State employment as a reservoir of labour for ordinary employment.	
The labour market. Different treatment of labour and other commodities to-day. The hawking of labour. Wastefulness of this plan shown in two ways, (a) delay of production or (b) maintenance of excessive reserves of labour. Abolition of this plan by organisation of labour market the first step in the treatment of unemployment. De-casualisation. All men not regularly employed under one firm to be engaged only from an Exchange in touch with many firms. Concentration of work on some, displacing of others. Theoretical and practical answers to objection on ground of this displacement. Organisation of labour market as an increase of industrial efficiency. Subsidiary use of emigration, afforestation, etc. Analogies between casual employment and casual relief, and between under-employment and under-payment. Principle clear; practical application varied. De-casualisation only special form of general labour market organisation. Organised and therefore limited fluidity of labour a protection to those in each trade or district.	
Labour Exchanges and other factors in unemployment. Seasonal fluctuations. Changes of industrial structure. The problem of age. The problem of youth; relation between Labour Exchanges and industrial training. The unemployable. The Labour Exchange test of unemployment. An alternative to deterrence.	
Conclusions. The demand of economists for mobility of labour. Ignorance a principal barrier to movement. The two functions of the modern workman. Organisation of the search for work increases working efficiency. Need for this on any view of relations between population and industry. The cardinal principle of social policy—to make youth adventurous and keep old age secure.	

CHAPTER X.

	PAGE
PRINCIPLES OF FUTURE POLICY. II. THE AVERAGING OF WORK AND EARNINGS	219
The averaging of work and earnings. Elasticity of working hours. The example of coal and cotton. Unemployed insurance. The example of the trade unions. Expenditure on unemployed benefits. Cost per member per week. Flexibility of the provision made. The burden of unemployment borne by the trade as a whole. Foreign examples. The German report. Value of the method of insurance. Possibility of extension depends upon test of unemployment.	
Minor and collateral measures. Systematic distribution of public work on business lines. Elasticity of wages. Absorption of temporary surplus. General progress. Poor Law Reform. The principles and functions of public relief.	

CHAPTER XI.

CONCLUSION	235
APPENDIX TO PART I.	
EXISTING METHODS OF SEEKING EMPLOYMENT IN GREAT BRITAIN	239

PART II. (1930).

CHAPTER XII.

THE POLICIES OF 1909	253
The Poor Law Commission of 1905-9. Majority and Minority Reports agreed on unemployment: in diagnosis of causes; in criticism of Poor Law and relief works as remedies; in positive proposals. Labour Exchanges and de-casualisation. Industrial training. Unemployment Insurance. Regularisation of demand for labour. Maintenance on conditions. Acceptance of unemployment proposals by Government. Mr. Winston Churchill at Board of Trade.	

CHAPTER XIII.

ESTABLISHMENT AND TRANSFORMATION OF UNEMPLOYMENT INSURANCE	263
1. The coming of insurance and the scheme of 1911: A daring adventure. Arguments for compulsion and against the Ghent scheme. British Association Address by Sir H. Ll. Smith. The scheme described. Compulsion limited to certain trades. Benefits limited in time. Incentives to economy. Launching and smooth working of scheme. The first report.	
2. War and the Ten-Year Chaos: Unsuccessful efforts to extend insurance in 1916 and 1918. "Donation" scheme. Belated generalisation of insurance in 1920 sunk under emergency relief. Extended benefit. Incessant variable legislation. Blanesburgh Committee and Report. Income and expenditure of Unemployment Fund.	
3. The New Model of 1928: Description of scheme as amended by Act of 1930; scope, contributions, benefits and dependent allowances, conditions and disqualifications, adjudication on claims. Special schemes and proportioning rule abolished. Unlimited benefit and flat contributions. Thirty contribution rule and transitional provisions. Insurance without	

- adjustment of premium to risk. Estimated contributions and receipts by industries. Growing reliance on Exchequer.
4. From Insurance by Contract to Relief by Status: Fundamental change in character of scheme. Unemployment relief financed by tax on employment. Old arguments inapplicable. Dangers imaginary and real.

CHAPTER XIV.

- ESTABLISHMENT AND WORKING OF LABOUR EXCHANGES. 295
- Contrasted history of Exchanges and insurance. Labour Exchanges Act of 1909 unchanged. General Regulations of 1910 unchanged. Wages and Trade Disputes. National system of Labour Exchanges described. Promising start broken by war and aftermath. War services. Diversion of energy to doles and insurance. Reaction against State and Committee of Enquiry of 1920. Statistics of registration and placing. Marked and accelerating recovery in recent years.
- Training Centres. Industrial Transference. Special functions in relation to juveniles and casual employment. Choice of Employment Schemes and Juvenile Advisory Committees. Early attempts at de-casualisation. Liverpool scheme. The lost opportunity of the war's end. Shaw Report. Registration schemes. No de-casualisation.
- Limited achievement of Labour Exchanges.

CHAPTER XV.

- FLUCTUATION—CYCLICAL AND OTHER 324
- Multiplicity of writers since 1909. The monetary explanation of the trade cycle. Inherent instability of credit and prices. Points for further enquiry. Points of advantage over other explanations. Monetary theory does not explain all fluctuations. Hyper-cyclical fluctuation of building trade. Difficulty of finding trade cycle before 1860. Instability of credit only one of several factors of economic instability.

CHAPTER XVI.

- UNEMPLOYMENT SINCE THE WAR 345
- Greater scale of post-war unemployment. Continuance of some old causes—disorganisation of labour market and seasonal fluctuation. New emphasis on changes of industrial structure and location. Depressed staple industries.
- Wages and unemployment. The argument from theory. Rise of real wages since 1913. Contrast with earlier rise. Relation to productivity. Standard of living as cause of unemployment.

CHAPTER XVII.

- UNEMPLOYMENT AND OVER-POPULATION 373
- Population and unemployment problems brought together by rigid wages. Definitions of over-population. Conception of optimum density and its limited value. A simple practical criterion needed. Tests of material progress. The Victorian Age of rapid general growth. The Edwardian Age of wage stagnation. Doubts as to course of national income. The post-war period. Decline of staple trades, rise of wages, stagnation of national income.
- Allegory of the Cistern: Standard of living, density of population, return to

CONTENTS

xxiii

	PAGE
labour, internal and external influences, inflow of fresh labour. Simultaneous upward and downward pressures causing unemployment. Changing economic balance of world. Tariffs. Old and new coal-fields.	
Fall of birth rate. Coming decline of population. Britain's future in grip of two blind forces. Unemployment due to discrepancy between standard of living and return to labour the same however reached.	

CHAPTER XVIII.

A SECOND CONCLUSION	401
Diagnosis and policies of 1909 reviewed. Arguments for labour market organisation strengthened. Decision of principle needed between insurance with reformed Poor Law and relief subject to Labour Exchange test. Unsuitability of money relief for long unemployment. Need to prevent insurance or relief from subsidising industrial disorganisation. Suggested scheduling of trades. Compulsory de-casualisation.	
Expenditure on public work as a remedy for unemployment. Utility and limitations of this policy. The new problem of wages and unemployment. Reduction of wages or raising of production.	
Unemployment still a problem of industry, not an Act of God. Organisation, not spending, needed.	
 STATISTICAL SUPPLEMENT	 421
 INDEX	 465

LIST OF TABLES.*

TABLE	PAGES
I. Principal Industries in United Kingdom, 1855-1907	7, (422)
II. Rates of Money Wages and Prices, 1878-1907, <i>R</i>	9, (423)
III. Unemployed Percentage, 1894-1908, <i>R</i>	18, (424)
IV. Trades Represented in Unemployed Percentage	20, (425)
V. Coal-Mining—Days Worked per Week	25, (426)
VA. Slackest and Busiest Months in the Year in Certain Industries	428
VI. Seasonal Fluctuations in Certain Trades	30, (429)
VII. Building Trade—Increase or Decrease per cent in Numbers Em- ployed by Firms making Returns, <i>R</i>	33, (429)
VIIA. Fluctuation of Employment in the Building Trade	430
VII B. Mean Number of Work-people in Building Trade covered by Em- ployers' Returns	430
VIII. Cyclical Fluctuation of Employment and Production, <i>R</i>	39, (432)
IX. The Pulse of the Nation, <i>R</i>	42-43, (433)
X. Foreign Trade of Principal Countries, <i>R</i>	55
XI. Cyclical Fluctuation and Relief Funds	66
XII. Percentage Membership of Certain Unions Unemployed at some time in a year	71
XIII. Distribution of Unemployment—Amalgamated Society of Engineers	73
XIV and XV. Distribution of Unemployment—London Society of Com- positors	74
XVI. London and India Docks—Percentage of Work Performed by each Class of Labour	89
XVII. Average Weekly Earnings of Casual Docker	94
XVIII. Ages of Applicants to Distress Committees—England and Wales, 1907-08	117, (439)
XIX. Ages of Unemployed Applicants (London)	119, (440)
XX. Age Distribution of Unemployed and Others	119, (440)
XXI. Age at Superannuation—Amalgamated Society of Engineers, <i>R</i>	122, (443)
XXII. Age at Superannuation—Friendly Society of Ironfounders, <i>R</i>	122, (445)
XXIII. Age at Superannuation—Amalgamated Society of Engineers	123, (446)
XXIV. Age Distribution in Certain Occupations—England and Wales	129, (447)
XXV. Exceptional Depression in Trade Unions	147
XXVI. Distress Committees in England and Wales	166-7, (448-9)
XXVII. Occupations of Unemployed Applicants	168, (449)
XXVIII. Repeated Applications in London	178, (450)

* Bracketed figures give references to continuations in the Statistical Supplement of Tables in Part I.

TABLE	PAGES
XXIX. Men Assisted and Men Applying	179
XXX. Metropolitan Employment Exchanges, 1906-1909	184
XXXI. Metropolitan Employment Exchanges (Year ended 30th June, 1908)	184
XXXII. Travelling Benefit (Ironfounders)	243, (451)
XXXIII. Travelling Benefit (Ironfounders): Summary	244
XXXIV. Estimated Distribution by Industries of Total Employment and Un- employment and of £1,000 each of Contributions and Benefits (Great Britain and Northern Ireland)	285
XXXV. Labour Exchange Statistics, 1910-29	305
XXXVI. Labour Exchange Placings in Other Districts	307
XXXVII. Percentages of Insured Workpeople Unemployed Each Month from January, 1921, to December, 1929 (Great Britain and Northern Ireland)	350
XXXVIII. Unemployment in Principal Industries, 1924 to 1929 (Great Britain and Northern Ireland)	351
XXXIX. Industries with High Unemployment in 1929	356-7
XL. Distribution of Insured Population and Unemployment by Districts	358
XLI. Material Progress in the United Kingdom Relative to Population	379
XLII. Exports of Capital, 1870 to 1912	385
XLIII. Unemployed Percentages, 1860-1913, in the Amalgamated Society of Carpenters and Joiners and the Amalgamated Society of Engineers	451-2
XLIV. Building and Metal Trades—Unemployed Percentage and Changes in Numbers Occupied	452
XLV. Age Distribution of Males in Building Trade and in all Occu- pations, at Censuses 1881 to 1911 (England and Wales)	453
XLVI. Houses Inhabited, Uninhabited and being Built at Censuses 1801 to 1911 (England and Wales)	453
XLVII. Birth and Life of the Trade Cycle	455-7
XLVIII. Labour Supply and Demand—Great Britain	459
XLIX. Wages, Prices and Unemployment in Britain, 1919-29	460
L. Output of Coal per Person Employed in Various Countries	463
LI. Human Fertility in Europe	464

LIST OF CHARTS.

CHART	PAGE
I. Seasonal Fluctuation—Trade Union Unemployed Percentages at end of each month (Mean of 1897-1906)	31
II. The Pulse of the Nation	44
III. Foreign Trade of Principal Countries	56
IV. Age Distribution in Certain Occupations	129
V. Hyper-cyclical Fluctuation of the Building Trade	336
VI. Birth and Life of the Trade Cycle	340
VII. Labour Supply and Labour Demand	346
VIII. Wages, Prices and Unemployment in Britain from 1919 to 1929	370
IX. Material Progress of the United Kingdom, 1860-1925	382
X. The Fall of Human Fertility in Europe	397

