

CHAPTER IV

UNEMPLOYMENT: CAUSES AND REMEDIES

✓ OF all the evils that befall the capable and industrious wage earner, none seems so cruel and unjust as unemployment. To be willing and anxious to work, and to be unable to find remunerative work to do, is in itself a hardship. To have a family dependent on one's earnings, and young children actually in need of food, makes this hardship a bitter wrong. More good men have been transformed into embittered advocates of social revolution by unemployment than by any other single cause.

In the jargon of economics, unemployment signifies an oversupply of, or, what is the same thing, an underdemand for, labor. The time was, no doubt, when it was possible to believe that this oversupply could not affect really efficient and industrious workmen. The statement,

UNEMPLOYMENT

“any capable man who really wants work can always find it,” is even still sometimes heard. No doubt at one time in this country it was substantially true. To continue to believe it now, however, is to betray one’s ignorance of the industrial conditions that surround us. Not only during periods of depression, like that this country has recently passed through, is there an oversupply of labor, but in a period of active prosperity like the present there is an oversupply of some kinds of labor, and workmen fitted to do certain forms of work cannot find remunerative employment. And this situation is not relieved by the fact that skilled workers may turn to less skilled or unskilled occupations. In the end this merely serves to swell the ranks of the unskilled casual laborers, and of this class it is no exaggeration to say that there is always an oversupply.

During the winter it is necessary from time to time to employ thousands of men in removing snow from the streets of New York. It is interesting to consider what these thousands of men, who, even in periods of unusual industrial activity, are available for this quite temporary service, do between times. Those familiar with

SOCIAL INSURANCE

their situation know that their whole lives are made up of just such temporary employments. They have no permanent or settled occupation. In the winter they come to New York because there is nothing for them to do in the country; in the summer most of them go to the country and find employment in various manual occupations, — but always temporary and always changing.

In saying that there is always an oversupply of casual labor, I do not mean to dispute the economic principle that the wants of wage earners themselves create, in a roundabout way, a demand for their labor. In general, it is undoubtedly true that the requirements of every stomach call for the labor of the accompanying pair of hands. The trouble is that, as industry is now organized, there are a large number of occupations which require labor intermittently because the volume of production called for is highly irregular. Snow removal from city streets is only an extreme illustration of a type of occupation that is unfortunately common. Similarly irregular is the demand for stevedores to load and unload the vessels whose coming and going contribute so largely to the industrial importance of

UNEMPLOYMENT

New York. In New York, vessels come and go the year around. Along the Great Lakes and the canals which connect them with the seaboard, the occupation of the stevedore or longshoreman is confined to a period of seven or eight months. The irregularity of agricultural employment is equally striking. The winter's dullness is succeeded in the spring by active preparations for the summer's crops. This activity abates somewhat during the summer, but only to be succeeded by more feverish industry in the autumn, when the various products must be harvested and harvested promptly, if the fruits of the year's industry are to be fully enjoyed. Returning to city industries, the clothing trades, as is well known, are subject to great irregularity. The shirt-waist makers' strike in 1910 brought out in a forcible way this aspect of that one industry. Both employers and employees agreed that overtime during the rush season from January to June and extreme dullness from June to September were the worst features of the shirt-waist makers' lot. And in these characteristics the shirt-waist industry is typical of the garment and clothing trades generally. The building trades present a similar irregularity, — great activity in spring,

SOCIAL INSURANCE

summer, and autumn, and comparative dullness during the cold winter months.¹

This irregularity of industry is reflected in the statistics published by the Department of Labor in regard to the percentage of members of trade unions that are unemployed in New York State in different months in the year. In the building and stone-working trades, the percentage of unemployment ranges from 35 per cent in January, when building operations are most interfered with, to only 10 per cent in September. The clothing and textile industries show almost as great a range of variation. In a few trades, on the other hand, steady work for all competent hands is the rule. Among the printers, less than three more men in every hundred are unemployed in June, the dull month, than in March, the month of greatest activity. The stationary engineers show almost no variation in employment from season to season, the proportion running along between 2 and 3 per cent continuously.

Combining the trade-union figures, it appears that for the 100,000 odd members to which they

¹ In London, where the winters are, of course, less severe than in New York, recent investigations seem to show that the building trades should no longer be characterized as seasonal employments.

UNEMPLOYMENT

refer there is a variation in the extent of unemployment from 15 per cent in midwinter to not over 5 per cent in the autumn months. During the depression in 1907 and 1908, the proportion of unemployment increased to over 35 per cent in January, February, and March, 1908, and was at no time less than 20 per cent from November, 1907, to April, 1909.¹

The variable requirements of industry as now organized are shown similarly by the manufacturing census. The figures for New York State, for 1900 and 1905, indicate that only 90 per cent of the number of persons employed in manufacturing industries in October, the month of greatest activity, were employed in January. In 1905, this meant a variation of over 85,000 in the number of persons employed at the two periods.

It is this irregularity in the requirements of industry from month to month that is the chief cause of unemployment. From it results the necessity under which so many wage earners find themselves, either of being idle or of seeking employment in some different occupation from that to which they have been accustomed. In conse-

¹ These statistics and some of the others quoted are extracted from an unpublished report by Mr. William M. Leiserson.

SOCIAL INSURANCE

quence of it, there are reserve forces of labor in connection with every irregular industry which, in the aggregate, constitute a considerable army of unemployed men and women, even in years of active trade.

How these reserve forces of labor are kept in existence may be illustrated by reference to the situation in connection with the London docks, — a situation not very different, I am informed, from that presented by the current method of employing longshoremen in New York. Until recently, the custom of hiring dockers in London was to pick out from the surging crowd of candidates for employment that presented itself every morning the number that happened to be needed during the day. An investigation showed that the aggregate demand of the wharves in a particular section of the city, adding together the maximum number needed on any day of the year at each wharf, called for more than 21,000 men. As a matter of fact, in the year investigated, the wharves never employed on any single day as many as 18,000 men; the average was about 15,000, and on the slackest day the number needed was only 10,000. In order to insure, however, an adequate labor supply, the dock managers constantly varied

UNEMPLOYMENT

the men employed. Considerably more than the 21,000 men who might have been required, had the days of greatest activity at all the wharves coincided, were led to depend on the chance of getting work at the docks for a livelihood. At best, less than three fourths of these men could be employed on the average, and at times the work was insufficient to occupy as many as one half of them.

Applying the same method of estimating the extent of the variation in the demands of manufacturing industries to the census figures of 1905 for New York State, we find that the difference between the maximum requirements of all manufacturing industries and their minimum requirements was not less than 300,000. This does not mean, of course, that of the 900,000 odd persons employed in manufacturing at the height of the busy season one third were idle at the dull season. It does mean, however, that to satisfy the requirements of our manufacturing industries at least 300,000 persons were either unemployed or forced to change from one employment to another during the year.

Every irregular demand for labor which secures its labor supply by requiring those who are in search of work to present themselves from time to time

SOCIAL INSURANCE

on the chance of securing it — and this is the usual method of recruiting labor in New York City — tends to keep in existence a reserve supply of labor all of which can never be employed. How large this reserve army of the unemployed and irregularly employed is in this state, there is no means of knowing. That it is very large, however, and that in this characteristic of modern industry we have the explanation of the growing seriousness of the problem of unemployment, all students of the question agree.

The foregoing analysis of the industrial causes of unemployment suggests that the first step toward the solution of the problem is a better organization and correlation of our industries. This better organization must have two ends in view: (1) to reduce, as much as possible, the present variations in the demand for labor by particular industries; (2) to make these irregular demands dovetail into each other so that the surplus labor of one industry will serve as the reserve labor force of some other. The first change can only be brought about by the combined efforts of consumers, employers, and employees. The second calls for a thoroughgoing organization of the country's labor

UNEMPLOYMENT

market that will be as effective in distributing the available labor force where it is most needed as our banks are in distributing capital where it is most required. Each one of these needs merits fuller consideration.

It is not too much to say that the present industrial organization of the United States is wasteful, unintelligent, and even chaotic. Consumers, as a rule, give little thought to the interests of producers in making their purchases. At certain seasons of the year new wants are felt, and we all flock to the stores to have these wants gratified. The disastrous results for storekeepers and those they employ at that season of the year, Christmas, when consideration for others should be at a maximum in a Christian community, has been forcibly brought to our attention through the efforts of the Consumer's League. But admonitions to "shop early" are not needed only at Christmas time. They should be equally heeded in the autumn in connection with the purchase of winter clothes, and in the spring in relation to the acquisition of Easter bonnets. For behind the health-destroying pressure that none of us can overlook as we do our Christmas shopping is a corresponding pressure on those who turn out products for which there is a seasonal

SOCIAL INSURANCE

demand. It is probably too much to expect that many consumers can be influenced to change their shopping habits, but every new recruit helps a little to substitute regularity and order for irregularity and chaos. Every man, and even more every woman — for women are the chief offenders in this department — who stands out for simplicity in dress and independence of the vagaries of fashion contributes something toward a better industrial organization.

The contribution that employers can make toward the steadying of our industries is obvious. By deciding earlier what and how much they will produce, by combining processes so that the labor force not needed in one in the slack season can be turned into the other, — as is the case with the coal and ice dealer, — and by resisting the temptation to crowd work by requiring overtime, they can do much to make production regular and continuous through the year, instead of, as at present in so many industries, feverishly active at certain seasons and almost stagnant at others.

Most of all is to be expected from the intelligent coöperation of employees. They are the ones who suffer most through the irregularities of industry. By standing together to insist on no overtime or

UNEMPLOYMENT

high pay for overtime, as in the shirt-waist makers' strike or in the Bethlehem Steel Company's machinists' strike in 1910, they can force employers to plan production with more regard to the social interests at stake, and the changes that they can bring about will, in the long run, be as advantageous to employers and to the public as to themselves. Intelligent public opinion should back them up in such demands, and where it is impossible to mitigate the evils of excessive overtime by coöperative effort, intelligent legislation should be called in to insist that the health and vitality of the nation's workers are more important than cheap goods or the execution of orders in record breaking time.

Though much may be done toward steadying production through the combined efforts of consumers, employers, and employees, the variations of seasons and other causes will continue to make some industries irregular. To reduce to a minimum the unemployment that results from these irregularities, we must organize the labor market. As regards capital and the staples on which the world depends for the gratification of its wants, the organization of markets has been carried to a high degree of efficiency. Only the first timid

SOCIAL INSURANCE

steps have been taken toward the organization of the labor market. No one fact so clearly reveals the defects in the present situation as that the employer who wants more hands usually resorts to the method of inserting a sign in his window or an advertisement in the newspaper. In nearly every other department of modern economic life the seller displays his wares and the buyer comes after them. As regards labor, the common practice in the United States is for the buyer to announce his needs and to throw upon the seller, the workman, all the trouble and expense and loss of time and earnings necessary to respond to these needs. From this point of view, the familiar sign, "Boy wanted," goes to the heart of the problem of unemployment.

It is not necessary for me to enlarge in this book upon the need for a series of cooperating labor bureaus or labor exchanges, to bring about a better distribution of labor force in the United States. This was one of the principal contentions of Dr. Devine in discussing the problem of the man "Out of Work," in the Kennedy Lectures for 1909, published in this same series, and I can add little to his argument.¹ Largely as a result of his study of

¹ Misery and Its Causes, Chap. III.

UNEMPLOYMENT

the problem, the National Employment Exchange was incorporated in this city a year ago, and that exchange now has a department for mercantile labor in addition to the department for manual labor originally opened. A similar and older labor exchange for women and girls is the Alliance Employment Bureau. Both of these exchanges are doing valuable and useful work, but those who direct them would be the first to admit that they have as yet touched only one small corner of the field that lies before them. To accomplish the principal object for which public or philanthropic labor exchanges exist, that is, to connect men and women who are out of employment quickly, and with a minimum of expense to themselves, with the employers who most need and will pay best for their services, it is absolutely necessary that such exchanges should have a comprehensive grasp of the situation. What we must aim at as our goal in connection with organizing the labor market is what Germany has already accomplished by her chain of connected and co-operating labor bureaus throughout the Empire.¹

¹ The most interesting of the German Employment Bureaus is the so-called Central Labor Bureau (*Central Arbeitsnachweis*) in Berlin. This was started some twenty-five years ago

SOCIAL INSURANCE

After prolonged study of the question, all parties in the United Kingdom have come to this conclusion. During February, 1910, 100 public labor exchanges were opened in different parts of Great Britain, and before August 1, 1910, the government is pledged to open 150 more. These are to keep card registries of all applicants for work, to be in constant communication with one another, so that each shall have daily information in regard to the state of the labor market in every part of the Kingdom, and to

by a private association. The value of its work was soon appreciated by public authorities, and since 1902 it has occupied a specially erected series of buildings of its own in Gormanstrasse, and receives an annual subsidy of \$7500 from the municipality. The following description is taken from Dawson's *The German Workman* (pp. 9-10): "There are two separate buildings — one for unskilled work people, the other for female employees and the trade guilds which are affiliated to the bureau. To the former building belong, besides the formal registration offices and residential quarters for the attendants, a large assembly hall, to which work seekers are able to resort during the day, with galleries which alone seat 1400 persons, a reading room supplied with books and newspapers, a canteen, workrooms for tailors and shoemakers, in which repairs are made at the all-round charge of just over a penny, a miniature hospital, with a series of bathrooms below in which hot, cold, and shower baths can be had at all hours of the day for a halfpenny.

"In the large assembly hall, the vacant situations are called out at fixed intervals in the hearing of the assembled work

UNEMPLOYMENT

coöperate in transporting workers promptly from places where they are not needed to places where they are needed. One of the first benefits that the government expects to derive from these exchanges is accurate knowledge in regard to the extent and causes of unemployment. For it is a remarkable fact that, notwithstanding the great amount of attention that has been given to the problem in England during the last ten years, this information is still lacking. The English Poor Law Commission, which was directed to investigate unemployment along with other aspects of poverty, was forced to admit in its recently published report that: "We have found ourselves unable to answer two elementary questions. There are no statistics seekers, and from the number of those who offer themselves the director chooses the most suitable, though, other things equal, he gives the preference to married men or men who have waited longest for work. At the canteen nutritious food is served in return for coupons issued by the guild registries as well as for direct payment. Over 100,000 portions of food are sold during the year. There are separate departments for workmen over sixteen years and for juveniles, so that contact between the two is unnecessary. The accommodation for female work seekers and for the trade guilds is in its way no less complete. For the former a large room, capable of holding 375 persons comfortably, and having its own entrance from the outside, is set apart, while to each of the guilds a separate set of rooms is allotted — offices, waiting-rooms, etc. — with a canteen for common use."

SOCIAL INSURANCE

available which enable us to compute, even within hundreds of thousands, how many persons are at any one time simultaneously in distress from unemployment; or whether this number is or is not greater, relatively or absolutely, than the corresponding numbers for other countries, or for our own country at previous times.”¹ This same difficulty of getting at the facts has been encountered, it is hardly necessary to state, by the New York Commission on Employers’ Liability and Unemployment.

Whether in this country we shall be able to organize the needed chain of cooperating employment bureaus, to act as an efficient clearing house for labor, through private philanthropy, it is perhaps too early to predict. Our experience with public bureaus, particularly in this state, has not been calculated to prejudice us in their favor. On the other hand, the task to be accomplished is so big that it is difficult to believe that philanthropic effort can do more than point the way and educate opinion as to the methods to be employed, until the state is prepared to grapple with it on an adequate scale and with clear appreciation of the great public purpose to be accomplished.

¹ Report of the Royal Commission on the Poor Laws and Relief of Distress, 1909.

UNEMPLOYMENT

When such labor exchanges are established, and become, as have the German exchanges, the generally accepted link of communication between employers and employees, the following advantages may confidently be expected from them:—

(1) Wage earners will be spared the costly and disheartening search for work which now bears so heavily upon them whenever they are forced to change their employment.

(2) The reserve force of irregularly employed labor which results from the present organization of industry will be greatly reduced, if not entirely eliminated.

(3) Employers will be assisted to secure just the quality of labor which they require, and relieved of the necessity of taking on new men on the basis, solely, of their own representations and “trying them out,” often only to discharge them at the end of the first day or the first week.

(4) An enumeration and classification of the unemployed will be made. At least three types are now commonly encountered in any group of the unemployed: (a) competent and industrious men, temporarily out of work; (b) inefficient workers, who are usually unemployed during dull seasons; (c) the class which, for physical or moral reasons,

SOCIAL INSURANCE

is incapable of doing steady work. To have these types distinguished, and the number in the last class — the unemployables — determined, will be a great gain.

(5) The presence of such labor exchanges will serve to put a stop to the demoralizing methods of caring for the unemployed now practiced. The street vagrant could no longer plausibly plead inability to find work. Relief works of various kinds, which are now nibbling away at this or that corner of the problem of unemployment, if still regarded as desirable, could be coördinated and put in a position to offer work to the *bona fide* unemployed certified to them by the labor exchanges.

Important as are labor exchanges, it would be visionary to regard their organization as more than a step toward the solution of the problem of unemployment. They may reduce the problem to its lowest terms and supply the information needed to guide subsequent steps. Beyond this they cannot go.

Even before we are provided with an adequate system of labor exchanges, we must seriously consider other measures that may be taken to miti-

UNEMPLOYMENT

gate the present situation. A complicating circumstance that opposes all efforts to help the *bona fide* unemployed is the presence in the community of tramps and vagrants. Sympathy for this unfortunate type of humanity should not blind us to the fact that, socially, their unwillingness to engage in any form of honest labor is a crime that must be dealt with in a way that will prove repressive as well as corrective. For the second time there has been introduced in the legislature in Albany this winter a bill providing a state industrial and farm colony for vagrants, to which they may be sent on indeterminate sentences to be trained out of their bad habits, in the same way that we try through our industrial schools to reclaim youthful criminals. This bill embodies the matured views of those who have given most attention to the problem of vagrancy in this state. So far as I know, the opposition to it last winter was based either on misunderstanding or indifference. If it becomes a law, we have every reason to anticipate that it will lead to the gradual weeding out of the tramp type from the miscellaneous horde that now confronts us whenever we think of the unemployed. This has been the result of similar policies abroad, and there seems nothing in our American

SOCIAL INSURANCE

situation that would stand in the way of a similar accomplishment here. It will do this in part by making a life of vagrancy a thoroughly undesirable one. The certainty of arrest and commitment to an industrial colony would deter many young men who are now attracted by the tramp's seemingly care-free existence from ever entering upon it. Those who were not deterred from the attempt to live without work, by such a policy, would in due course be sent to the farm colony, and there get the benefit of training in habits of industry. In Denmark they have developed a system of graded farm and industrial colonies. The residents are paid for their work, and at an increasing rate as they gain in efficiency. So soon as they prove themselves capable of self-support and seem disposed to give up the vagrant life, they are allowed to go out in search of work. They are only discharged finally when they actually secure employment. If they justify the confidence imposed in them, they have a good chance to get on. If they fall by the way, and are recommitted to the industrial colony, they must begin again at the bottom and again work out their salvation. Under this plan it is said that not only are there no tramps at large in Denmark, but that of those who attempt to live

UNEMPLOYMENT

without work and are sent to the colonies a gratifyingly large number are won back to habits of self-respect and self-support. It will be a happy day when the same can be said of New York and the other states of the Union!

To legislate vagrants into suitable detention colonies appears to me to be a wise step, but it is equally important to correct, so far as we may, the conditions that create vagrants. We must all agree that the chief of these conditions is the absence of suitable industrial training for boys and girls. The members of the English Poor Law Commission may never have heard the aphorism that "the prematurely employed child is the father of the man without a job," but they offer abundant evidence in proof of this paternity. Their report declares that: "In large towns, boys, owing to carelessness or selfishness on the part of parents, or their own want of knowledge and forethought, — for the parents often have very little voice in the matter, — plunge haphazard, immediately on leaving school, into occupations in which there is no future. . . . According to the main statistical sources of information available, the very serious fact emerges that between 70 per cent and 80 per cent of boys leaving elementary schools enter un-

SOCIAL INSURANCE

skilled occupations. . . . The problem owes its rise, in the main, to the enormous growth of cities as distributive centers, — chiefly and most disastrously, London, — giving innumerable openings for errand boys, milk boys, office and shop boys, bookstore boys, van, lury, and trace boys, street sellers, etc. In nearly all of these occupations the training received leads to nothing, and the occupations themselves are in most cases destructive to healthy development, owing to long hours, long periods of standing, walking, or mere waiting, and morally are wholly demoralizing.” That a similar tendency prevails in New York City is evident to any one who has studied the occupations to which boys and girls are attracted as soon as they take out their working papers. Thinking only of the wages they can earn, and choosing such *cul de sac* employments as the English Commission enumerates, a large proportion of them never become skilled workers, and drift, as they grow older, into the unskilled casual employments on which the irregularity of modern industry presses most heavily. In the last chapter I shall return to the question of industrial education, but I think it will be admitted without argument that an important rôle must be assigned to it in trying to

UNEMPLOYMENT

correct the conditions that lie behind the problem of unemployment.

In nearly all discussions of unemployment the phenomenon is treated as an unmixed evil. It may be well at this point to ask ourselves why the man who loses, on the average, five or even ten per cent of his working time in the course of a year should be considered an object of pity. For wage earners, the only way to secure a holiday, as a rule, except the few holidays prescribed by law or custom in this busy country, is to join the ranks of the unemployed. Salaried persons are usually entitled to at least two weeks' vacation on full pay. Some salaried persons, like school-teachers and college professors, enjoy two or three months' vacation on full pay, and regard it as the most valuable part of their compensation. If the only way in which the wage earner can get a holiday for three or four weeks is to be unemployed for that period, why look upon unemployment as an evil? The answer to this question is obvious, but its very obviousness serves to emphasize the difficulties under which the wage earner labors. Unemployment is an evil for him partly because he can't afford to take a holiday, but even more because his

SOCIAL INSURANCE

holiday is embittered by anxiety in reference to his next job. So true is this last statement that it is not unusual for wage earners to work harder when they are nominally unemployed, looking for work, than they will be required to work when the coveted jobs are found.

This situation is radically altered in organized trades like the building trades, in which the period of unemployment comes at a regular season every year, and in which high wages and unemployed benefits from the union make the dull season a welcome respite. This suggests another solution of the unemployed problem to which much attention is being given in Europe; that is, insurance against unemployment. In industries in which the usual percentage of unemployment is low and in which labor is organized, mutual insurance against unemployment through trade-union unemployment benefits has long been successfully practiced in Great Britain. In 1904, according to a report of the Board of Trade, 81 of the 100 principal unions of the country, representing 84 per cent of the membership of these unions, paid out in unemployed benefits over \$3,000,000, or nearly one third of the total of \$10,000,000 expended by the unions in that year. That this form of benefit is approved

UNEMPLOYMENT

by trade-union sentiment is shown by the fact that, according to the Poor Law Commission, the membership of unions paying such benefits is growing more rapidly than that of unions not paying them.

On the Continent, various methods of insurance against unemployment have been tried. On the whole, it appears to be the case that trade unions have been the only bodies which have been able to administer such insurance successfully. The fatal defect in other than trade-union systems of insurance has been that it has proved impossible to limit the benefits to persons who are involuntarily idle. Where municipalities have tried to administer such insurance requiring supplementary contributions from the insured, it has been found that the insured were regularly unemployed at least long enough to get back their contributions to the common fund. Trade-union insurance is successful because the members are less apt to deal unfairly with one another, and because the union is itself a sort of employment bureau, and can apply the labor test to members who are suspected of making a business of being unemployed. Belief that this function can only be successfully performed by trade unions has led to the introduction of the plan, first tried by the town of Ghent, under which the municipality sup-

SOCIAL INSURANCE

plements the unemployed benefits paid by trade unions, which comply with certain regulations, out of the municipal treasury.

During the recent campaign in the United Kingdom it was announced by the Liberal Ministry that if it was returned to power it would establish a system of insurance against unemployment which would benefit at least 2,500,000 persons. As that is about the present membership of British trade unions, and as the Liberal Ministry is favorably disposed to organized labor, it seems probable that some plan like that of Ghent is contemplated.

Germany, which has been the leader in devising plans of workingmen's insurance against other evils, has thus far refrained from introducing insurance against unemployment. The government has stated from time to time in the *Reichstag*, however, that the matter was under consideration, so some scheme of compulsory insurance against unemployment may yet be established.

In the United States, as is well known, trade unions have been far behind the British labor organizations in establishing benefit features. This has been particularly true of unemployed benefits. In 1905, not over \$80,000, or about one half of one per cent of the total expenditures of the prin-

UNEMPLOYMENT

cial unions, was for this purpose. Even this small expenditure represents some progress, and there is every reason to anticipate that more and more attention will be given to benefits here, as has been the case abroad.

Insurance against unemployment, where the conditions are favorable to its operation, has everything to recommend it. It distributes a burden¹ which often falls with crushing force on a single individual, over a larger group, which can bear it with comparative ease. It enables workmen in² seasonal trades to look forward to the dull period without anxiety, and encourages them to save, by paying their union dues, so that all may meet the period of unemployment without privation. Finally, it fosters a spirit of mutual helpfulness and³ mutual confidence that cannot but react favorably on all of the relations of life. It would be premature to commend the plan of subsidizing trade unions which administer such benefits wisely and honestly out of the public treasury. Even granting the importance of the service they perform, there are still weighty objections to a subsidy policy. On the other hand, the state may well encourage trade unions to undertake to provide such benefits, by informing them, through the departments of

SOCIAL INSURANCE

labor, of the methods employed in other countries, and by safeguarding their funds.

Useful as is such insurance, it is difficult to see how it can be extended beyond the well-organized trades because of the administrative difficulties connected with it.

I have reserved for final consideration the method of caring for the unemployed that has received most attention in this country, that is, relief work of various kinds, either public or private. Undoubtedly, in times of depression when the number of the unemployed is abnormally large, some form of relief work is often necessary. On the other hand, it would be difficult to cite a case, where relief work has been provided on any considerable scale, where the demoralizing consequences have not largely neutralized the expected benefits. Whether administered by public officials or the agents of private philanthropic societies, there is about relief work an atmosphere that is deadening to the self-respect of those who accept it. The result is that instead of preserving the standards and the efficiency of those it is intended to help, relief work reduces all toward the level of the lowest type of worker who is employed. Relief

UNEMPLOYMENT

works of various kinds and on an unprecedented scale have been maintained in England during the last ten years, and it is a significant fact that it is the opinion of the Poor Law Commission that they have served, on the whole, to aggravate rather than to relieve the problem of unemployment. In the ultimate solution of the problem it may be necessary to assign a place to relief work, but, in my opinion, when the resources of labor exchanges and unemployment insurance have been exhausted, it will be better to send the unemployed to school and train them to do the work for which there is a demand, even supporting them during the process, than to put them to work at tasks which they know and every one knows are provided for the express purpose of giving them something to do. After all, the most precious asset to be preserved during a period of stress and strain is the independence, self-respect, and efficiency of those subjected to it. Learning to be a better workman appeals to the best there is in a man, whereas, doing artificially created work is calculated to bring out his worst characteristics. So far as the labor called for is concerned, a well-managed industrial or trade school can be made to apply as severe a work test as a woodyard or a sewing room. Finally, when

SOCIAL INSURANCE

the emergency is passed and the unemployed can again find employment, their training ought to help them to command higher wages and to be better workmen than they were before. Unemployment may thus prove a disguised blessing instead of an undisguised affliction.