



INTERNATIONAL LABOUR REVIEW

VOL. V, No. 3.

MARCH 1922

The President's Conference and Unemployment in the United States

by

William L. CHENERY

*Editorial Department, New York "Globe";
formerly Manager, Industrial Department, "The Survey",
New-York*

THE work of the President's Conference on Unemployment held at Washington during September and October last marked distinct progress for the United States. It was the first national conference conducted under governmental auspices for the consideration of unemployment. With energy and with intelligence the men and women assembled under the leadership of Herbert Hoover, Secretary of Commerce, attacked the problem of stimulating industry so that jobs might be provided for the workless. The attention of the Conference was concentrated upon this aspect of unemployment rather than upon the more familiar methods designed to provide for the necessities of the unemployed. To the extent that this was true the Conference was typically American in conception and in execution.

The world-wide industrial depression began to be seriously felt in the United States during the autumn of 1920. Because of the peculiar political and economic development of the American people, neither unemployment insurance nor a comprehensive system of public employment exchanges existed at the time the depression began. Government unemployment insurance had been opposed both by capitalists and by trade union leaders and, except among a minority of economists, social workers, unorthodox trade unionists and scattered liberals, no strong public opinion favoured the principle. A national employment service had been hastily erected during 1918 as a part of the war programme, but during the reconstruction months Congress had compelled the dismantling of the structure created originally for the war emergency.

The period of unemployment had furthermore been welcomed by many American employers who resented intensely the gains

made by organised labour during the period of the war. At the very outset of the depression the so-called 'open shop' or anti-union campaign had been initiated. Many believed that wages were unduly high and that a season of hard times was needed to restore normal industrial conditions. The intensity of the 'open shop' campaign, however, passed by the end of last summer, and while some employers still believed that the best policy was to be found in refusing to interfere with the natural course of economic adjustment, that opinion was definitely a minority view at the time President Harding was persuaded to summon the Conference on Unemployment. This moderation of view was in part caused by the extent of the calamity. Trustworthy statistics on unemployment are lacking in the United States, but the Department of Labour had estimated that some 5,700,000 wage earners were jobless during August. Other estimates did not run so high and fixed the number at roughly 3,500,000.

In such circumstances about sixty men and women met at the Department of Commerce in late September and addressed themselves to a consideration of the national emergency. The main body of the Conference was composed of business leaders, although a considerable number of trade unionists and a few women were included. The Conference was assisted by a large advisory committee composed chiefly of economists. Secretary Hoover acted as chairman of the assemblage and Edward Eyre Hunt, an engineer who had worked with Mr Hoover in Belgium and in other phases of European relief, served as secretary. Under the stimulation of the chairman the Conference was able to bring in unanimous reports, which incidentally embodied the views of men as diverse as the head of the Chamber of Commerce of the United States and the President of the American Federation of Labour.

EMERGENCY PROPOSALS

Immediately upon convening, the Conference determined to deal with the emergency aspects of unemployment. A series of recommendations were offered to the country. It was pointed out that unemployment is peculiarly a community problem to be handled by the mayors of each city. It was suggested that emergency committees representing the various elements in the community should be organised to develop and carry through a plan for meeting the unemployment emergency. The need of selecting for the employment agencies personnel of a suitable character was stressed. Public work construction should be undertaken as soon as possible, and also, in view of the shortage of housing accommodation, much could be done by the building industry. The municipalities should extend their school, street, sewage, and repair work of public buildings to the fullest extent possible under the circumstances. The recommendations called upon the governors of the States to unite the State agencies in

support of the mayors of the cities. The Federal authorities, including the Federal Reserve banks, should expedite construction of public buildings covered by existing appropriations, and the Conference stated that it would do everything in its power to secure Congressional action in regard to appropriations for public roads. Manufacturers were urged to relieve the present unemployment situation by putting into force more part time work ; manufacturing for stock, undertaking plant construction and repairs, and at the same time reducing the number of hours of labour per day or per week were suggested. Wholesalers and retailers were, in effect, urged to institute bargain sales at reduced prices.

PROPOSALS FOR PERMANENT RECOVERY OF INDUSTRY

These emergency recommendations were adopted by the Conference on 30 September (1). On 11 October the Conference announced its general recommendations for the permanent recovery of employment. These recommendations of a more permanent nature are of sufficient importance to justify their reproduction in an appendix to this article. They related to the readjustment of railway rates, tax and tariff legislation, restoration of foreign trade, settlement of the financial relationship between the Government and the railways, and limitation of world armament.

A number of important special reports and recommendations were also produced by the Conference. These included recommendations relating to shipping and to shipbuilding, mining, transportation, construction industries, agriculture, public works, manufactures, employment agencies, unemployment statistics, unemployment and business cycles.

Emergency recommendations for the relief of unemployment in ship operation included the desirability of having American shipowners give preference to American seaman, abolition of overtime work in stevedoring and allied occupations, and the desirability of split time work, i. e. a percentage of the crews in operation on each voyage to give way to a group of unemployed.

Concerning shipbuilding, the Conference recommended a similar division of work as in shipping, the dismantling of wooden ships built during the war and owned by the Government, the overhauling of ships soon to be put in commission, and the consideration on the part of the owners and managers of shipyards of the possibility of using their plants for other lines of industrial activity. These were the emergency proposals. Other suggestions intended to be of permanent use in the formulation of a national shipping policy were proffered. Thus the Conference proposed that the Jones Act regulating American shipping be either en-

(1) See *Report of the President's Conference on Unemployment*. Washington, Government Printing Office. 1921. ALSO UNITED STATES BUREAU OF LABOUR STATISTICS (DEPARTMENT OF LABOUR) : *Monthly Labour Review*, Vol. XIII, No. 5, Nov. 1921, pp. 128-133 ; Washington ; and the *Survey*, 8 Oct. 1921, p. 43, and 22 Oct. 1921, pp. 108-109 ; New York City.

forced or amended, that the Federal Government retire from the ownership and operation of ships "at the earliest practicable date", that the marine law be unified, that coastwise shipping laws be "faithfully enforced", and that American ships "be given the exclusive carriage of Federally controlled products and every possible help and encouragement extended to American ships carrying the mails".

Regarding bituminous coal mining, the Conference merely received the report of its committee which recommended that the practice of the preferential use of railway cars be stopped; that the railroads be requested to accumulate and to maintain a supply of coal equivalent to their requirements during a period of five months; that Congress pay the railroads all the "monies now owing them by the Federal Government", and that the *per diem* charges for railroad cars off their home lines be materially increased in order to increase transportation facilities. The Conference considered conditions in the metal mines where unemployment was reported to be serious, but no specific suggestion was offered. In order to relieve unemployment on the railroads the passage of a measure providing for the funding of railroad obligations was urged. The Conference also recommended that the railroads should increase their maintenance, repair, construction, and other kinds of work in order that they might directly increase the opportunity for employment, and observed that "nothing short of a general revival of business can stimulate the demand for transportation to an extent that would furnish re-employment to the various classes of railroad employees who are now off the pay-roll", and consequently it ventured to make specific suggestions for the combating of the "buyers' strike". Everyone was urged to "buy till it hurts".

In the railroad report the difficulties under which the farming community was labouring were made a matter of comment. The Conference in another report dealing with agriculture considered the farmers directly. Eight recommendations were made in this connection. It was urged first that "all prices and all wages should be so adjusted that a normal reasonable ratio will be established between the incomes of farmers, labourers, manufacturers, and the merchants in order that the purchasing power of the farmer may be restored, thus hastening the resumption of normal trade, manufacturing, and the employment of labour". It was also suggested that freight rates be lowered on commodities transported to and from farms; that the prices of farm supplies be adjusted to the level of prices of farm products; that ways be sought to reduce the aggregate of charges between the farmer and the food consumer; that better credit facilities be provided for agriculturists; that the export of farm products be stimulated; that tariff legislation give due regard to a just economic balance between agriculture and other industries, and that an earnest purpose "to take only what is fair and to assist others to win what they are justly entitled to have" inspire the nation.

Special recommendations dealing with the construction in-

dustry elaborated in considerable detail what was said in the general report. In particular it was recommended

that Secretary Hoover, in continuation of the policy of the creation of local organisations inaugurated by the Department of Commerce, the National Federation of Construction Industries, the United States Chamber of Commerce, etc., appoint a committee selected from the various elements interested in construction, such as financiers, labour, engineers, architects, contractors, material manufacturers, and others, to be known as the Committee on Construction Development, which will be charged with the responsibility of preparing and making effective plans for : (a) co-operation with the governors and mayors in the several States in carrying on community conferences on construction, to the end that local restrictions may be eliminated, abuses done away with, and proper local attention given to the efficient planning and development of construction work. . . . ; (b) the prompt removal of unnecessary or inequitable limitations and restrictions which have retarded real construction activity ; such committee to use agencies and to adopt such plans for conducting its work as may seem to it best, in co-operation with the Secretary of Commerce. The work of such local committees as have already been organised in the country have [*sic*] had a profound value in readjusting the construction situation, and the time is ripe for their more definite and extensive organisation.

The reclamation and irrigation of waste lands has, since the administration of President Roosevelt, been a part of the settled land policy of the United States. The Conference accordingly recommended "the loan of Government funds during the present period of industrial depression for the purpose of increasing the agricultural area of the United States" and that "reclamation developments be continued more intensively during the winter of 1921-1922". The Conference suggested to Congress immediate consideration of a loan for this purpose. Incidentally it might be noted that in his message to Congress on 6 December President Harding also asked for the development of reclamation work.

The Conference gave detailed consideration to the question of public employment offices, and recommended the establishment of a permanent system of offices, and that the Federal Government co-ordinate the work of the various States, performing such tasks as collecting, compiling, and publishing statistics and information concerning the position of the labour market, standardise the work of the employment offices, and encourage the adoption of uniform methods. Adequate salaries should be provided and adequate safeguards to secure the proper personnel, and to protect the tenure of office. Such a system of employment offices should be made permanent and should be assisted by advisory committees consisting of representatives of employers and workers, to maintain the confidence of both employers and workers in the impartiality of the service. The Conference urged that Congress appropriate \$400,000 to enable the United States Employment Service to co-operate in this work of the States. It also recommended that the existing work of the Bureau of Labour Statistics, which now collects data from certain manufacturing concerns, be extended to cover transportation, trade, mining and quarrying ; that the Bureau of Labour Statistics co-operate with the Inter-state Commerce Commission and the Geological Survey, and with State

bureaux of labour statistics, where such agencies are able to meet the standards exacted, and that an interdepartmental committee be formed to consider means of extending and improving employment and unemployment statistics and of co-ordinating the information service of local, State, and Federal agencies. A model questionnaire for use in the gathering of this information was prepared.

The Conference finally addressed itself to a consideration of unemployment and business cycles; the recommendation in this connection partook of the nature of a report, and was among the soundest work done by the Conference.

APPRAISAL OF WORK OF CONFERENCE

It is now convenient to assess the proposals of the President's Conference on Unemployment. The emergency recommendations suggested no public organisation nor any permanent addition to the sum of agencies which existed before the present depression. The Conference proposed merely that emergency committees be formed in local communities under the leadership of mayors and that these committees provide relief for the needy and jobs for the workless. In a word, philanthropy was summoned to bear the immediate burden of relief. Although it asked for no new branches of government, the Conference did in this emergency programme look for public aid. This was to take the form of public work. The emphasis immediately given to the opportunity of accelerating construction by municipalities, States, and the Federal Government was probably the most valid work done in this connection. The suggestions concerning the stimulation of housing were admirable, but here again reliance was placed in the activity of volunteer committees, summoned, it is true, by governors or other public officials, but possessing no real authority. The advice given to manufacturers was wise so far as it went. Still it should be noted that part-time employment which distributes the actual volume of employment among a larger number of workers lays the full burden of unemployment upon wage earners. It is not easy to justify this in view of the fact that unemployment is now commonly recognised to be one of the measurable risks of industry. American public opinion does not ask workers to bear the full cost of work accidents, which are an analogous hazard of production under present conditions. In all frankness this must be stated, but, nevertheless, it may at once be admitted that the Conference could hardly hope for success in recommending more than it did to the manufacturers. Certainly it was not possible to improvise a method overnight for the just distribution of the tax which unemployment exacts of an industrial society. The emergency recommendations were designed to serve a crisis which already existed and not to correct the maladjustments of American industry.

It is fair, however, to subject the permanent recommendations to a different, if not a more rigid, scrutiny. The general policies

advocated were all aimed at the stimulation of business and several dealt with controversial issues. The Conference, in a word, asked that railroad rates be lowered, that the tax Bill be passed, that the tariff measure be decided, that the financial relationship between the Government and the railroads be determined, that international armaments be limited, that fluctuations in foreign exchange be controlled, that waste in industry be eliminated, and that the inequalities in deflation be so adjusted that the buying power of various classes be brought nearer to a parity. The decision concerning the more important of these questions rests with Congress so far as the United States is concerned. It is not clear that the recommendations of the President's Conference on Unemployment have influenced in any way the settlement which may be made on these matters. The expressions of the Conference concerning them were hardly more than the utterance of the wishes of business men on the subjects touched. If farmers or trade unionists had been called together in conference, their proposals would certainly have been phrased in other language and in all probability directed to other ends. Furthermore, some of the recommendations, notably that asking for a settlement of the funding questions of the railroads, are remote from unemployment. These general recommendations for the permanent recovery of unemployment show the President's Conference on Unemployment at its worst. All that it can fairly be said to have done in this connection was to provide a forum where the business community could make its opinions heard.

On the whole, the special recommendations were far more profitable. The proposal that Secretary Hoover appoint a committee to elaborate a public works policy to be recommended to the various legislative bodies was wholly admirable. The proposals directed to stimulating employment in ship operations were largely an application of the emergency recommendations to manufacturers. In the matter of shipping the Conference entered a highly controversial issue. It aligned itself against the governmental ownership of ships, a question of national policy on which there are fundamental differences of opinion and certainly not one inextricably a part of a proper consideration of unemployment. Again, in its suggestion as to help and encouragement for American ships carrying the mails, the subsidy issue, one of the oldest and most bitterly contested in America, was squinted at if not overtly approved. The subsidy problem will be argued on other grounds when it is considered in Congress. It is noteworthy, however, that a conference which was silent concerning public assistance for the unemployed should have in the name of unemployment urged governmental aid for railroads and for shipping.

The suggestions made by the Special Committee of the Conference concerning the encouragement of employment in bituminous coal mining are open to the same criticism. The Conference used the fact of unemployment in the mining industry to urge Congress to pay the railroads the "monies now owing them by the Federal Government", despite the well-known fact that a

serious divergence has divided Congress and the country on that question. On the other hand, the proposal that the railroads accumulate coal for five months' needs is in accordance with a sound policy of stabilisation of production in mining. The discussion of unemployment in transportation, which ended with the admonition that consumers "buy till it hurts", was hardly more than frivolous. Slogans of that sort belong to advertising campaigns rather than to a serious treatment of unemployment.

The programme for the construction industry was built with more thought. The voluntary committee representing the different interests involved in construction might develop into an informal building congress of considerable power. The proposal for the acceleration of the Federal Government's reclamation activity was a part of the public works scheme and in itself sound.

The views of the Conference on the development of public employment offices assume as settled a number of debatable matters, but the stimulus given to general policy may be counted gain. In this field both the State and the Federal Governments are so backward that ultimate questions concerning the limitations of the activities of the States and the nation may be safely postponed until more and better employment offices are created. Already the Government has upon occasion taken over and run effectively offices previously managed by States and municipalities, and in turn local governmental bodies have safely assumed management of Federal offices when the national appropriations were exhausted. The immediate need is to create the public opinion which will sustain a public employment system. The Conference contributed potently to that.

So, too, the emphasis laid on the collection of statistics concerning unemployment was net gain, even though some other arrangement than that suggested by the Conference may be found ultimately to be the right one. In this connection one notes a condition which influenced the work of the Conference in many other respects, namely, that the Department of Labour was practically without representation in the undertaking. The Conference cannot be blamed for that and certainly the Secretary of Commerce was not culpable; and yet it is undeniably true that the absence of any equal representation of the Department of Labour or of organised labour had a vital influence upon the character of the recommendations.

The special discussion concerning the relation of unemployment to business cycles was perhaps the most important single contribution made by the Conference. The business cycle is at the very heart of the proper work of the Department of Commerce and it is but just to say that Mr. Hoover brought the best business intelligence of the country to bear upon that problem. The repetitive character of economic depressions and the practical inevitability of recurring unemployment were duly stressed. The Conference offered the possibility of controlling the business cycle with the consequent avoidance of extremes of prosperity and of depression. The practical proposal was that the expansion of the national

plant and equipment be postponed from times of prosperity to seasons of depression. The rough estimate was made that a reservation of but ten per cent. of the average annual construction would serve to eliminate the fluctuations in employment. The further suggestion was offered that an accurate statistical system should be organised in order to supply the information requisite to such control. This service would be normally a part of the functions of the Department of Commerce. Already it has been planned by Secretary Hoover.

In another aspect the recommendations concerning the business cycle were far-reaching, for in this connection the Conference approached the question of unemployment insurance. In particular, the measure sponsored by Professor John R. Commons of the University of Wisconsin and introduced last year in the Wisconsin Legislature as the "Huber Unemployment Prevention Bill" was cursorily mentioned. The underlying idea of this plan is the application of the principles of workmen's compensation insurance to unemployment. The Conference neither rejected nor approved this original scheme of unemployment insurance, but the result of citing it as one of the numerous suggestions for dealing with the business cycle was favourable.

Such was the general character of the recommendations of the President's Conference on Unemployment. The recommendations, as has been noted, were unanimous. This quality of unanimity was a tribute to the success of Secretary Hoover in persuading men of antagonistic views to unite on those questions on which they did agree. After the recommendations which all could sign were formally in the record the various groups were at liberty to spread their partisan views before the Conference. This was done in a half-hearted manner. Manufacturers and the union leaders especially were at pains to write some of their opinions upon the book of the Conference. But these pronouncements were merely *pro forma*. The Conference had done its work before these ebullitions were allowed.

What was reported was in substance the highest common factor of the opinions of a group in which business men predominated, but in which a considerable number of the more prominent spokesmen of the American Federation of Labour were included. When the Conference was over President Gompers moved the vote of thanks to Secretary Hoover and in so doing the veteran chieftain of the American unions was at pains to express his approval of what had been accomplished. Yet it must be acknowledged that this assemblage, which met two years after the first International Labour Conference had been held at Washington, was able to sanction only a part of what the International Organisation laid down as the first essential of any adequate treatment of unemployment. The President's Conference followed the International Labour Organisation in urging better industrial statistics and in advocating employment exchanges, although on this latter question there was a slight difference of opinion between the two conferences. The Americans were unable,

however, to cast more than a fleeting glance in the direction of unemployment insurance, which the international meeting had set down as of first importance in the attack on the insecurity of employment which curses the workers of every industrial nation.

It is illuminating to recall in this connection some of the words uttered by President Harding when the Conference on Unemployment was formally convened. Among other things the President said: "It is fair to say that you are not asked to solve the long-controverted problems of our social system. We have builded the America of today on the fundamentals of economic, industrial, and political life which have made us what we are, and the temple requires no remaking now I would have little enthusiasm for any proposed relief which seeks either palliation or tonic from the public treasury." With those words in mind as a reminder of what the Administration was in the mood to approve, it was obvious that the Conference was unwilling to recommend any additions to the governmental structure or any policy which involved national expenditures for the relief of the workless. Whatever is given to the men and women who cannot earn during this time of unemployment must come from the coffers of charity, although it must be remembered that the Conference did not consider itself a relief body.

RESULTS OF THE CONFERENCE

In such a situation it is manifestly difficult to measure accurately the results attributable to the Conference. The largest ground for hope is probably to be found in the fact that a continuing committee was created to offer assistance to those willing to apply the recommendations made and to make further studies of the subject. This committee has enlisted the co-operation of men who have expert knowledge of the field. A broad technical basis should be prepared for the next national conference which essays the consideration of unemployment. Mr. Edward Eyre Hunt, the secretary of the Conference, has summed up the achievements which in his judgment should be credited to the work done by the men and women who collaborated with Secretary Hoover. Mr. Hunt said:

Mr. Hoover believes that there are one million and a half and perhaps as many as two million men and women employed today who would be unemployed if it were not for the work of the Conference. There has been no change in the industrial situation sufficiently large to explain this. It is due to a successful appeal to local responsibility and the sense of service. This pick-up may be temporary, but it is a hopeful sign.

The following are some of the results to date:

Public opinion for the first time in American history has been focused on unemployment.

A national clearing-house is ready to assist the municipalities, with district representatives in the field.

Congress has inaugurated important public works.

A large appropriation for the United States Employment Service has been approved by the Executive for action by Congress.

A variety of other measures have been introduced in Congress to carry out the recommendations of the Conference, such as Senator Kenyon's bill for long-range planning of public works.

The construction industries are being organized nationally and locally under public direction, as, for example, in St. Louis.

A thorough investigation of methods for controlling the business cycle is in progress.

Mr. Hunt gives details to support these assertions. Colonel Arthur Woods, former Police Commissioner of New York City, is acting as director of the national clearing-house. Out of 327 cities having a population of 20,000 or more, 209 are reported to have organized emergency committees in accordance with the recommendations of the Conference. Eighteen regional directors working under Colonel Woods have been named to take charge of the work in the more important industrial districts. The enlargement or renovation of plants and improvement in equipment have been ordered by many employers in order to stimulate employment.

The Federal Highway Act makes available \$75,000,000 for road building. The governors of thirty States reported that in the near future work can be started on 6,261 miles of highways which will directly employ more than 150,000 men. Municipal bond sales for public works have broken all records since the Conference made its appeal. The Conference resolution on reclamation projects resulted in the introduction of a Bill in Congress carrying an appropriation of \$20,000,000 for the continuance of projects under way. The Bill introduced by Senator Kenyon in order to provide for the long-range planning of public work is of great promise. Among other things this would empower the Secretary of Commerce to publish information concerning the trend of business conditions, in order that public officials and others might be enabled to plan public expenditures in such a way as to compensate for periods of business depression.

A considerable resumption of building activity in many States was also noted by Secretary Hunt. The effect of the Conference was directly shown in the creation of a committee in St. Louis to stimulate building. Other evidence of varying significance has been adduced to show the changes wrought by the suggestions of the President's Conference on Unemployment. All in all an impressive exhibit is made.

In the course of this discussion it has seemed appropriate to advert to the bias and to the weakness of this first national conference on unemployment. Not to note the omissions would be to subtract value from the record of positive accomplishment. This has been great. For the first time intelligence of a very high order has been brought to bear upon the problem of unemployment in the United States. The approach was that of a business man. Had a Secretary of Labour as able as the present Secretary of Commerce been responsible for the Conference other results would undoubtedly have been observed. But because that is true,

Americans need not be less grateful to Secretary Hoover. In the midst of a season called reactionary, his alone among the outstanding national leaders has been the spirit which perceived the dreadful human consequences of involuntary unemployment. With courage he brought his gifts to bear upon the problem. It will not be solved by one conference and perhaps not by a single generation, but some of the ideas spread broadcast will inevitably do much toward the final elimination of that futile sacrifice so long accepted as a part of the necessary price of the modern industrial system.

APPENDIX

Recommendations of the President's Conference on Unemployment Washington (D. C.), United States, 26 September to 13 October 1921

GENERAL RECOMMENDATIONS FOR MEASURES FOR PERMANENT RECOVERY OF EMPLOYMENT

Recovery of our industry and employment must necessarily be a process of gradual healing of the great economic wounds of the world war. This healing is making distinct progress.

Without attempting the impossible task of assessing the relative weight of different forces, the Conference presents the following summary of the more important matters that require constructive and immediate settlement, if recovery in business and permanent employment are to be more expeditiously accomplished.

(1) Readjustment of railway rates to a fairer basis of the relative value of commodities, with special consideration of the rates upon primary commodities, at the same time safeguarding the financial stability of the railways.

(2) Speedy completion of the tax Bill with its contemplated reduction of taxes, in order that business now held back pending definite determination may proceed.

(3) Definite settlement of tariff legislation in order that business may determine its future conduct and policies.

(4) Settlement of the financial relationships between the Government and the railways, having in mind the immediate necessity for increased maintenance and betterments, making effective increased railway employment and stimulation of general employment, in order that the railways may be prepared for enlarged business as it comes.

(5) Limitation of world armament and consequent increase of tranquillity and further decrease of the tax burden not only of the United States but of other countries.

(6) Steps looking to the minimising of fluctuations in exchange, because recovery from the great slump in exports (due to the economic situation in Europe) cannot make substantial progress so long as extravagant daily fluctuations continue in foreign exchange, for no merchant can determine the delivery cost of any international shipment.

(7) Definite programmes of action that will lead to elimination of waste and more regular employment in seasonal and intermittent industries, notably in the coal industry, in order that the drain upon capital may be lessened and the annual income of workers may be increased.

(8) In the field of all the different industries and occupations the rapidity of recovery will depend greatly upon the speed of proportionate adjustment of the inequalities in deflation. . . . Agriculture has reached an unduly low plane, while transportation, coal, and some branches of the construction industries are of the highest. . . . There is an entire disproportion between the price of the primary commodities and the ultimate retail price. These disproportionate increases in the progressive stages of distribution are due to increased costs of transportation, enlarged profits, interest, taxes, labour, and other charges.

If the buying power of the different elements of the community is to be restored, then these levels must reach nearer a relative plane. For example, the farmer cannot resume his full consuming power and thus give increased employment to the other industries until either his prices increase or until more of other products and services come into fair balance with his commodities, and therefore the reach of his income.

UNEMPLOYMENT STATISTICS

It is recommended :

(1) That the present practice of the Bureau of Labour Statistics of collecting from manufacturing concerns as of the 15th of each month data concerning the number of employees on the pay-rolls and the amount of their earnings and of publishing monthly indices of the changes therein be extended to cover transportation, trade, and mining and quarrying.

(2) That in getting the data concerning the state of employment in mining and quarrying the Bureau of Labour Statistics collaborate with the United States Geological Survey.

(3) That in getting data concerning the state of employment in railroad transportation the Bureau of Labour Statistics collaborate with the Inter-state Commerce Commission.

(4) That where competent, reliable State bureaux of labour statistics exist or become established, like the Massachusetts and New York bureaux, the Bureau of Labour Statistics collect through such bureaux within such States instead of collecting directly from the establishments.

UNITED STATES EMPLOYMENT SERVICE

(1) A permanent system of employment offices for bringing workers and jobs together with the quickest despatch is necessary, both in times of depression and prosperity.

(2) Your Committee finds that there are now 25 States which have established State employment systems, and public employment offices are now being operated in about 200 cities, of which about 17 are purely municipal enterprises. Most of the 200 offices are supported jointly by the State and municipality. Your Committee feels that in any permanent system the State should be the operating unit of such employment offices, and that the extension of such offices should be encouraged. The Federal Government itself should not operate local offices or do placement work.

(3) However, for the purpose of bringing about co-ordination the Federal Government should : (a) collect, compile and make available statistical information ; (b) collect and make available information which will facilitate inter-State placements ; (c) through educational measures improve standards of work and encourage the adoption of uniform systems.

(4) The existing provision of the Federal Government and many State governments for all branches of such work is inadequate, and should be strengthened. The work is of first-rate importance and should be recognised as a job for men of first-rate ability from the top down. The director should be appointed directly by the President. Adequate salaries should be provided and adequate safeguards to secure the proper personnel and to protect the tenure of office.

(5) An adequate permanent system of employment offices as above suggested would obviate the necessity of creating new offices whenever new emergencies arise. It would also prevent the public employment office from being regarded as a mere temporary philanthropic device, and thus through misunderstanding from not being used generally.

(6) In order to secure and maintain the confidence of both employers and workers in the impartiality of the service rendered and the statistics published, an advisory committee consisting of representatives of employers and workers should be appointed to co-operate with the director, as well as a similar system of local advisory committees to co-operate with the State and municipal offices.

The Conference urged that Congress appropriate \$400,000 to enable the United States Employment Service to operate in the inter-State field by :

- (1) co-operation with the emergency employment agencies erected by the States and municipalities ;
- (2) informing States in which there is a scarcity of labour of the situation in States where there is a surplus of labour of the kinds desired ;
- (3) securing and compiling information on employment opportunities throughout the country.

PUBLIC WORKS

(1) That the Chairman of the Conference be requested to consider the advisability of appointing a committee to study methods and make recommendations for utilising a percentage of the ordinary necessary public works of the Federal, State, and city governments as a reserve against future periods of unemployment and industrial depression.

(2) That the studies of this committee should include the relation of the cities and States to any Federal policy which may be suggested and be published as part of the proceedings of the Unemployment Conference.

* SHIPPING

Decision on Jones Act. Prompt action on the enforcement or amendment of the Jones Act is desirable in order to extend aid to shipping and to relieve it from its present uncertainty.

Disposal of Shipping Board Ships. This Committee affirms its belief that the expressed policy of the Federal Government to retire from the ownership and operation of ships should be made effective at the earliest practicable date.

A Marine Code and Unified Administration. A single organic marine law, adequately administered by one Federal Department instead of by many as at present, would facilitate close co-operation with shipping interests and would go far toward lifting present legislative and administrative burdens from shipping.

Coastwise Laws. It is the belief of this Committee that the present coastwise shipping laws should be faithfully enforced and that we can with advantage at this time extend them to include all of our insular possessions.

American Goods in American Ships. It is only logical that American ships be aided to the extent that they be given exclusive carriage of Federally controlled products, and every possible help and encouragement extended to American ships carrying the mails.

With regard to measures for stabilising shipbuilding, your Committee can only suggest that whatever will help American shipping and manufacturing will also aid American shipbuilding.

FOREIGN TRADE

(1) The approaching Conference for Limitation of Armaments should result in bringing about a reduction in the military burdens, and consequently the budgets of nations which are now maintaining excessive military establishments, and will be a long step toward arresting constantly increasing inflation, increasing depreciation and extreme fluctuations of the various foreign currencies.

(2) The United States should be effective in the deliberations and decisions of the Reparations Commission and other agencies, so that its influence may be exerted toward a reasonable control of the present unregulated payment of reparations by Germany.

(3) Authority should immediately be granted by Congress to enable the Administration to deal with the funding of foreign debts owing to the United

States Government in such a way as to avoid injury to the country's foreign trade and our employment.

In conclusion the Conference points out that broad questions of policy, such as national shipping, tariff, and taxes, will have important effects upon movement of our commodities to overseas markets.

AGRICULTURE

(1) All prices and all wages should be so adjusted that a normal reasonable ratio will be established between the incomes of farmers, labourers, manufacturers, and the merchants in order that the purchasing power of the farmer may be restored, thus hastening the resumption of normal trade, manufacturing, and the employment of labour.

(2) Railroad freight rates on commodities transported to and from the farm must be substantially reduced without delay.

(3) The prices of materials, farm implements, and supplies must be adjusted to the price level of farm products. Manufacturers and dealers must realise that farmers cannot at present price levels resume normal buying and thereby restore normal employment.

(4) The aggregate of charges between the farmer and the food consumer are excessive, and ways should be found to reduce them. In August 1921 the index of producers' price on beef cattle (as compared with the year 1913) was 91, while the index of wages in meat-packing plants was 186, of freight rates on dressed meat 214, and the index of retail meat prices varied from 112 to 161.

(5) Better credit facilities must be provided for agriculture, which will furnish funds for production and orderly marketing for long periods suited to the requirements of the industry at reasonable rates of interest and without opportunity for the unscrupulous to charge unreasonable commissions, premiums, or brokers' charges. A recent nation-wide referendum showed that tens of thousands of farmers have been paying 6 to 10 per cent. interest plus 2 to 10 per cent. brokerage on borrowed money.

(6) Exports of agricultural products should be stimulated with the aid of our merchant marine, foreign credits, and by such other proper means and encouragements as will aid foreign commerce.

(7) Any tariff legislation which may be enacted should develop and maintain a just economic balance between agriculture and other industries and treat fairly both producers and consumers.

(8) History is repeating itself. Previous wars have been followed by periods of depression which have in turn been followed by prosperity. Prosperity has come with the revival of agriculture, which has provided an expanding domestic market for manufactured products, thus restoring industrial activity with the employment of all classes of labour. This course of events is inevitable. We can only hasten or retard its progress.

The production of our farms supplemented by raw materials from the mines can provide the subsistence which will enable all industry to prosper. The adjustment will be hastened by the honest co-operation of all intelligent and thoughtful people. One of the chief factors will be the renewal and promotion of habits of industry and thrift by citizens and by the Government.

The chief of all factors to hasten readjustment will be an earnest purpose throughout the whole nation to take only what is fair and to assist others to win what they are justly entitled to have.

UNEMPLOYMENT AND BUSINESS CYCLES

The first tasks of the President's Unemployment Conference were to canvass the available figures concerning the numbers of men now out of work in various parts of the United States and to consider the best means of mitigating the suffering threatened by the present emergency. Now that these two tasks

are accomplished, a third task must be undertaken, a task that looks to the future rather than to the present, to prevention rather than cure.

While the proportion of wage and salary earners now out of work is probably somewhat larger than at any previous time in our business history, the present emergency is not without precedent. A similar situation prevailed in the winter of 1914 to 1915, in 1908, and in 1894, to go no further back. Four times in a single generation the numbers of the unemployed in the United States have been counted by millions and the idle capital of the country has been counted by billions of dollars. If the future is like the past, similar periods of misery and financial loss will recur from time to time. The work of the Unemployment Conference is not complete until it has provided for a thorough study of the problems whether we are helpless to prevent the periodical recurrence of such times, whether we cannot at least reduce their intensity and duration.

The best method of handling this problem has been carefully considered. Various proposals for preventing or mitigating periods of widespread unemployment have been suggested to the Conference. To determine what among these proposals are practicable and to devise methods of putting the practicable proposals into effect will take much time and thought. Obviously the whole Conference cannot spend months in making the necessary investigations. Instead it authorised the chairman to appoint a committee to see this work done.

All the proposals for preventing the recurrence or mitigating the severity of future periods of unemployment recognise that the problem is one in which the interests of both 'capital' and 'labour' are involved, and involved without clashing. The vast majority of the unemployed were recently on the pay-rolls of private business enterprises. These men lost their jobs because their employers were losing money. Over 15,000 business enterprises have been forced into bankruptcy since the present period of depression began, and the number now operating at a loss must be very large. Unemployment on a vast scale is always a result of business depression. The problem of preventing or mitigating unemployment is therefore part of the larger problem of preventing or mitigating alternations of business activity and stagnation.

Such alternations have been a prominent feature of business experience for a century or more not only in the United States, but also in all other countries that have attained a high stage of commercial organisation. England, Germany, Austria, and France; Belgium, Italy, the Netherlands, and the Scandinavian countries; Australia, Canada, South Africa, Chile, and the Argentine; in recent years Japan and British India—have had more or less regular cycles of prosperity, crises, depression, and revival like the United States. The reverberations of these disturbances in the chief Powers have been felt even by the countries in a less advanced stage of economic development. The 'business cycle' is a world phenomenon. It is not to be treated as a specifically American problem or as one of passing interest.

These international aspects of the problem have an important bearing on all proposals for treatment. Anything that we can do now or later toward mitigating business depression within our own borders will prove advantageous to all the countries from which we buy or to which we sell or lend. And conversely the difficulties confronting American business will be sensibly lessened by the recovery from depression of any of the countries with which we have important dealings.

The world-wide scope and the long succession of business crises do not prove that the problem of controlling the business cycle is a hopeless one. On the contrary, this history, when examined in detail, proves that the problem can be solved at least in part. For the leading business nations have made incontestable progress toward diminishing the violence of business crises. Each step in this direction has resulted from a wise use of lessons drawn from past experience. The creation of the Federal Reserve system is a notable example of American achievement in this field. That measure prevented the crisis of 1920 from degenerating into panic. Having devised a method of mitigating the severity of crises, we can with good prospects of success turn our constructive effort to the further problem of mitigating the severity of depressions.

The business cycle is marked by peak periods of boom between valleys of depression and unemployment. The peak periods of boom are times of speculation, over-expansion, extravagance in living, relaxation in effort, wasteful expenditure in industry and commerce, with consequent destruction of capital. The valleys are marked by business stagnation, unemployment, and suffering. Both of these extremes are vicious, and the vices of the one beget the vices of the other. It is the wastes, the miscalculations, and the maladjustments grown rampant during booms that make inevitable the painful process of liquidation. The most hopeful way to check the losses and misery of depression is therefore to check the feverish extremes of 'prosperity'. The best time to act is at a fairly early stage in the growth of the boom.

In any analysis of our productive process we can make a broad distinction between our additions to national plant and equipment, such as houses, railroads, manufactures, and tools on one hand, and the consumable goods which we produce on the other. At the present time we increase our activities in both of these directions at the same time, and in their competition with each other we produce our booms.

The ebb and flow in the demand for consumable goods may not be subject to direct control; but, on the other hand, it should be possible in some measure to control the expansion of the national plant and equipment. If all branches of our public works and the construction work of our public utilities — the railways, the telephones, etc.—could systematically put aside financial reserves to be provided in times of prosperity for the deliberate purpose of improvement and expansion in times of depressions, we would not only greatly decrease the depth of depressions but we would at the same time diminish the height of booms. We would in fact abolish acute unemployment and wasteful extravagance. For a rough calculation indicates that if we maintained a reserve of but 10 per cent. of our average annual construction for this purpose, we could almost iron out the fluctuations in employment.

Nor is this plan financially impracticable. Under it our plant and equipment would be built in times of lower costs than is now the case when the contractor competes with consumable goods overbidding for both material and labour.

The subject is one of the most profound national importance, and is at least one direction in which a balance-wheel could be erected that would tend to maintain an even level of employment and business. The action of the States of Pennsylvania and California in making a provision for the control of public works to this end is one of the most interesting and important economic experiments in the country.

In order to guide such a policy it is fundamental that an accurate statistical service be organised for determining the volume of production of stocks and consumption of commodities and the volume of construction in progress through the nation, and an accurate return of the actual, and not theoretical, unemployment. These services are now partially carried on in the different government Departments.

Such statistical service would in itself contribute to minimising the peaks and valleys in the economic curve. The same warnings that would enable intelligent action on the part of public authorities and those who control large enterprises in guidance as to the periods in which construction should be deferred or should be initiated would also serve as a warning to the commercial public and would tend in themselves to effect the ends desired. As a first step in such a programme, statistical services adequate to this purpose should be immediately authorised and carried out by the Federal Government.

The Committee charged with following up the work of the Unemployment Conference will have to consider other plans that have been put before the Conference with the endorsement of various bodies, such, for example, as the "Huber Unemployment Prevention Bill" now pending in the Wisconsin Legislature, the schemes for insuring a minimum return in lean years to both capital and labour with which certain corporations are experimenting, and the out-of-work benefits of trade unions. Various reforms of the banking and monetary systems also have warm advocates—centralised banking, stabilising the dollar, raising discount rates, earlier or more rapidly in periods of prosperity, and the like.

All these topics and perhaps others unknown to the Conference might be taken up by the proposed committee on the prevention of unemployment or left alone, according as the committee saw or did not see a prospect of rendering service by an investigation. Certainly the committee should not be burdened with the duty of investigating every proposal that has been or may be made for the accomplishment of its object. On the contrary, the committee should have power to limit its investigations strictly to those plans whose merits and defects it is able to determine with the means in hand.

A report from such a committee prepared after due deliberation is necessary to follow out and render effective the emergency work of the President's Unemployment Conference, for no constructive programme of preventing the recurrence of periods of wide-spread unemployment is likely to succeed unless it is based upon thorough investigation of the underlying facts and a matured judgment on the merits and defects of the proposals submitted to the Conference.

