



## Employment Exchanges and their Organisation

THE first session of the International Labour Conference held at Washington in 1919 considered the problem of unemployment, and proposed among other relief measures the organisation of public employment exchanges. It has been clearly recognised that no system of public employment exchanges can prevent or even palliate the consequences for the workers of a great economic crisis such as that through which the world has been passing in the last year. There is, however, a chronic form of unemployment which makes necessary even in normal times the maintaining of a permanent reserve of workers to meet the unforeseen exigencies of production which are bound to arise. A system of employment exchanges is one of the best means of keeping the necessary reserve of unemployed workers down to the minimum and of moving them from place to place as required.

In fact, it has been found that a well-organised system of employment exchanges forms the keystone of most of the remedies for permanent unemployment. Countries which have adopted the policy of long-time planning of public works and of reserving such work for periods of unemployment have discovered that one of the indispensable means for co-ordinating work of this character is a satisfactory system of such exchanges. Likewise, public employment exchanges are an essential instrument in a system of unemployment insurance. Further, those countries which have found it practicable to assist workers in the choice of an occupation and to guide children on entering into industry have found the exchanges valuable instruments. It is a striking fact that although with the purpose of reducing expenses the national employment exchange system, which was instituted in the United States during the war, has been allowed to fall into disuse, a conference, summoned by President Harding in September 1921 to draw up an immediate plan of action for dealing with the unemployment crisis in that country (<sup>1</sup>), adopted a resolution requesting the national Government to encourage the development of public employment exchanges and to take over the general control of such a system (<sup>2</sup>).

Article 2 of the Washington Convention concerning unemployment runs as follows :

Each member which ratifies this Convention shall establish a system of free public employment agencies under the control of a central authority.

(<sup>1</sup>) See William L. CHENERY : *The President's Conference and Unemployment in the United States*, in the *International Labour Review*, Vol. V, No. 3, Mar. 1922, pp. 359-380.

(<sup>2</sup>) Actually the public employment exchanges in the United States are governed by State laws and regulations, which are too numerous to analyse in this article.

Committees, which shall include representatives of employers and of workers, shall be appointed to advise on matters concerning the carrying on of these agencies.

Where both public and private free employment agencies exist, steps shall be taken to co-ordinate the operations of such agencies on a national scale.

The operations of the various national systems shall be co-ordinated by the International Labour Office in agreement with the countries concerned.

The Convention has at present been ratified by ten states, namely, Bulgaria, Denmark, Finland, Greece, India, Italy, Norway, Roumania, Sweden, and the United Kingdom. It will shortly be ratified by a number of other countries. Altogether, twenty countries have set up systems of public employment work, some of which have years of experience behind them. It is, therefore, desirable to study the administrative organisation of these systems, to show the principles on which they are based, and to bring this information before the various countries which are at present organising or reorganising their public employment exchange systems.

#### STATE INTERVENTION : EXISTING SYSTEMS

The earliest public employment exchanges were set up by the communes or municipalities. Such exchanges were developed more especially in Germany, Austria, Norway, the Netherlands, Sweden, and Switzerland, between 1900 and 1910. It soon became obvious, however, that employment exchange work was as much a question of national as of local importance, and in several countries, especially in Germany, the Netherlands, and Switzerland local exchanges grouped themselves voluntarily into national federations. The governments also showed their interest in the work of these communal agencies and granted them certain subsidies. Great Britain was the first country to set up, by the Labour Exchanges Act of 1909, a national system of public employment exchanges directly controlled by the state. The example of Great Britain was followed by other countries, and there is at present an increasing tendency to make the public employment exchanges state institutions directly supervised by the state.

In Germany (<sup>(3)</sup>), under a Notification of the Federal Council of 14 June 1916, the Governments of the States were authorised to compel communes, or groups of communes, to establish and maintain joint employment exchanges. This was confirmed by a Notification, dated 9 December 1918, issued by the Central Office for Economic Demobilisation, which among other measures dealt with the setting up of district employment exchanges in each district, the whole employment exchange system to be controlled by a central body, the Federal Employment Board (*Reichsamt*

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(<sup>3</sup>) For the sake of convenience and of comparison between the two editions of the *Review*, the French alphabetical order of countries has been adopted in this and the following sections.

*für Arbeitsvermittlung*), which was set up by the above Notification of 14 June 1916. A Bill now under discussion recognises employment exchange work as state service.

In Belgium the labour exchanges, which have been considerably developed since the war, have, with one exception, ceased to be local institutions and have been directly attached to the Ministry of Industry and Labour.

In Canada the employment exchanges are maintained by the Governments of the Provinces, but the Federal Government has the right to set up exchanges in Provinces which have not done so on their own account.

In Denmark the local employment exchanges are officially recognised by the state, provided that they fulfil certain conditions which are laid down by law. The local authorities receive a state subsidy which may amount to one-third of the total expenditure of the exchanges. The regulations of the exchanges are drawn up by the local authorities, but have to receive the approval of the Government.

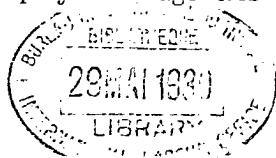
In Spain the Royal Decree of 29 September 1920 instructed the Ministry of Labour to take the necessary steps to set up employment agencies where no agencies already exist.

In Finland the employment exchanges are local institutions, and it has been made obligatory for all communes with five thousand inhabitants to set up exchanges (Decree of 2 November 1917). A labour exchange department has been set up in the Ministry of Labour.

In France the Act of 14 March 1904 makes it obligatory on all communes with more than ten thousand inhabitants to set up employment agencies. This Act has, however, in most cases, remained without effect, as there was no provision making it compulsory for the communes to include in their budgets the necessary funds for the satisfactory working of the employment agencies. During the war the Ministry of Labour made great efforts for the organisation of an employment exchange system and succeeded in inducing each Department to set up an employment office. The Department employment offices, provided that they fulfil the conditions laid down by the Government as regards their working, receive a state subsidy, which may amount to 40 per cent. of their expenses. A central employment office has been set up at the Ministry of Labour.

In Italy the Legislative Decrees of 17 November 1918 and 19 October 1919 empower the Government to give official recognition to employment agencies set up by the provinces, by local authorities, or in some cases, by private persons, and to set up state employment agencies where they appear to be necessary. All institutions of this kind are controlled by the National Office for Employment and Unemployment, which is attached to the Ministry of Labour.

In Japan the Act of 8 April 1921 empowers the Government to instruct municipal authorities to set up employment agencies where it considers that they are necessary.



In Norway, under the terms of the Act of 12 June 1906, a public employment agency is set up in certain communes selected by the King. The exchanges are supervised by a government inspector and are subject to the administrative authority of the Ministry for Social Affairs. The expenses are paid jointly by the state and the local authorities.

In the Netherlands the system of local labour exchanges is co-ordinated by a national employment office set up by the Government under the control of the Department for Unemployment Insurance and for Labour Exchanges.

In Poland the employment agencies are state institutions and their work is co-ordinated by a central office attached to the Ministry of Labour and Social Welfare.

In Roumania the Act of 22 September 1921 lays down that employment agencies shall be set up by every commune. The work of the agencies is co-ordinated by a national office.

In Sweden the local employment agencies which were originally set up in certain towns have made uninterrupted progress with the help of government grants and now form a complete net-work covering the whole country. They are under the direction and control of the Department of Labour and Social Welfare.

In Switzerland the Resolution of the Federal Council of 29 October 1919 made it compulsory for each canton to set up an employment office. The offices receive a subsidy from the Federal Government and are subject to the control of the Federal Labour Office, which is attached to the Department of Public Economy.

In Czechoslovakia a Bill, which was introduced in 1921, proposes that a public employment agency should be set up in every district and that all the agencies should be co-ordinated through a central organisation.

#### LEGISLATION ON PUBLIC EMPLOYMENT EXCHANGES

Germany : Notifications of the Federal Council of 14 June 1916, 9 December 1918, and 5 May 1920.

Argentine Republic : Act of 25 September 1913.

Australia : New South Wales : Part 10 of the Act of 1912 on Industrial Arbitration ; amended in 1916, 1918, 1919 and 1920. Queensland : Act of 23 December 1915. South Australia : Order in Council of 30 July 1911.

Austria : Notification of 24 December 1917.

Canada : Employment Offices Co-ordination Act of 1918, amended in 1920 (10 and 11 Geo. V, c. 25).

Denmark : Act of 22 December 1921.

Spain : Royal Order of 29 September 1920.

Finland : Order of 2 November 1917 ; Resolution of the Council of State of 9 July 1919.

France : Labour Code, Part I, Title 4; Decree of 12 March 1916.

Great Britain : Labour Exchanges Act 1909.

Hungary : Order of the Minister of Commerce of 17 February 1917.

Italy : Legislative Decrees of 17 November 1918 and 19 October 1919.

Japan : Act of 8 April 1921 ; Regulations of July 1921.

Latvia : Administrative Instructions of 21 January 1921.

Norway : Act of 12 June 1906 ; Regulation of 5 July 1919.

Netherlands : Order of 19 September 1916 ; Royal Decree of 14 April 1917.

Poland : Order of 27 January 1919 ; Act of 21 October 1921.

Portugal : Decrees of 27 July 1912 and 10 May 1919.

Roumania : Act of 22 September 1921.

Sweden : Decrees of 30 June 1916 and 16 May 1918.

Switzerland : Federal Resolution of 29 October 1909 ; General Principles laid down for the Working of Employment Exchanges, 29 November 1910 ; Federal Resolution of 29 October 1919.

#### POLICIES AND METHODS OF ADMINISTRATION

Although the state tends to intervene more and more in the organisation of the system of public employment agencies, it does not follow that the organisation necessarily assumes a more bureaucratic character. In most countries the official employment agencies maintain a very large measure of autonomy with regard to the government Departments to which they are attached. Their autonomous character is clearly shown by the powers which are attributed to joint committees of employers and workers, which do not merely supervise the work of the public employment agencies, but sometimes even direct them and act as actual administrative councils. This is the case in Belgium, Spain, Finland, France, and Italy, and in some of the Swiss cantons.

In Germany the Bill concerning employment exchanges which is at present under discussion has been submitted to the Federal Economic Council. The employers' and workers' representatives unanimously approved the principle that the employment agencies should be autonomous institutions administered by the persons directly concerned in their work.

In Belgium the budgets of labour exchanges are drawn up by joint committees under reservation of the approval of the Ministry of Industry and Labour, which fixes the maximum sum to be expended. When the budget has been approved, the chairman of the joint committee administers the funds as if the employment exchange were an entirely autonomous institution. The accounts are submitted to the Minister at the end of each financial year. The joint committee appoint the staff of the employment exchange, subject to the approval of the Minister. The staff of the labour exchanges thus does not consist of government employees, but of persons whose contract of engagement is not of a more rigid nature than in the case of employees in private commercial or industrial undertakings.

In Spain the regulations of the municipal employment exchange of Madrid, which the Ministry of Labour has published as a model, entrust the joint committee with the administration of the funds of the exchange and the appointment of staff.

In France the Department employment offices have, in practice, a considerable measure of autonomy. Some years ago the Senate adopted a Bill laying down that these institutions could be transformed into public offices by a Decree issued by the Council of State. In this way they would obtain financial autonomy.

In Great Britain the joint committees attached to the public employment exchanges are only of an advisory character. The Commission of Enquiry which investigated the working of the labour exchanges in 1919 decided, however, that it would be desirable to enlarge the powers of the joint committees, and to give them a voice in the selection and promotion of staff.

In Italy the joint committees are responsible for appointing the staff of labour exchanges subject, in the case of the heads of exchanges, to the approval of the competent Minister.

The principal object of the joint committees is to facilitate the activity and working of the public employment exchanges by gaining the confidence of the employers and workers by whom they are used. It is, therefore, necessary that the members of the joint committees should be appointed in such a way as to be thoroughly representative of the parties concerned.

In most cases the members of the joint committees are appointed in consultation with the employers' and workers' organisations (Belgium, Great Britain) or in accordance with lists of candidates formally submitted by such organisations (Denmark, Finland, Norway), or even on their direct nomination (Italy, German Bill). In Denmark it has been laid down that if several employers' or workers' organisations are asked to propose candidates the council of the commune shall make the appointments on a system of proportional representation. In Roumania and Pennsylvania express provision has been made for the representation of unorganised employers and workers as well as for employers' and workers' organisations.

In the legislation of some countries the joint committees are made to include representatives of government Departments or public bodies which are concerned in the work of the exchanges, as well as representatives of employers and workers. The chairman of the committee is in all cases an impartial person not representing either the workers or the employers. Sometimes he is appointed by the government, and sometimes by the joint committee itself. In the latter case the appointment made by the committee is often subject to the approval of the responsible government authority.

#### *Charging of Fees*

Article 2 of the Washington Convention requiring that no fees should be charged by public employment exchanges has

generally been followed in the various countries. There are, however, certain modifications to be noted. In Germany the Bill at present under discussion makes a distinction between workers subject to unemployment insurance, in whose case no fees are charged, and workers not subject to unemployment insurance, who may be required to pay a fee. In Poland no fees are charged to workers, but the employers are required to pay a fee for every vacancy filled.

### *Compulsory Use of Exchanges by Employers*

In some countries there is a movement to make it compulsory both for employers in need of help and for workers in search of employment to apply to the public employment exchanges. It has become general to make such application a condition for the payment of unemployment benefit to insured workers. On the other hand, the tendency to make it compulsory for employers to make use of the exchanges is less marked. The following facts in that connection should, however, be mentioned.

In Germany an Order, dated 17 February 1919, laid down that during the period of demobilisation employers who required not less than five workers must report the vacancies to a public employment agency. The Bill at present under discussion empowers the Government to make it obligatory to report all vacancies during certain periods. A number of collective agreements signed between workers' and employers' organisations make it compulsory for employers to apply to certain employment agencies, such as government employment exchanges, or joint trade employment exchanges, or trade union exchanges (4).

In Chili a Bill introduced by the Government proposes that private persons should be forbidden to recruit groups of workers in foreign countries, and that such operations should be carried out exclusively by the Central Employment Office set up by the state.

In Italy the Legislative Decree of 19 October 1919 sets up a monopoly in favour of the public employment agencies. Employers may obtain the staff they require directly, but if they make use of an intermediary they may only apply to a public employment office or a recognised employment office. Even if the employers engage workers directly, they must every fortnight report the names and qualifications of the workers they have engaged during the fortnight to the competent employment exchange.

In Poland the Decree of 27 January 1919 makes it compulsory for employers who wish to recruit Polish labour for employment abroad to do so through the public employment agencies. A collective agreement, binding in the case of all agricultural employment, concluded on 7 April 1921, in accordance with the Act concerning the settlement of disputes between agricultural employers and workers, makes it compulsory for employers to

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(4) *International Labour Review*, Vol. V, No. 4, April 1922, p. 583 : *Collective Agreements in Germany*.

report to the public employment agencies the names of the workers whom they discharge at the end of their year of service, and the number of workers whom they require for the following year. Finally, a Decree of 15 November 1921 on the compulsory employment of disabled ex-Service men makes it obligatory for employers of not less than fifty persons to inform the employment agencies, should they require it, of the total number of persons in their employ during the preceding fortnight. They are bound to take into their employ at least one disabled ex-Service man for every fifty persons employed by them ; failing their having done so, they must engage the number required from a list communicated to them by the public employment exchange, or else inform the exchange within a week that they have done so elsewhere. It is further obligatory on employers to inform the public employment exchange of all cases of dismissal of a disabled ex-Service man, and to replace him by another disabled ex-Service man, either through the employment exchange, or elsewhere but with notification to the exchange.

In Switzerland the Decree of 29 October 1919 concerning unemployment relief makes it compulsory for heads of undertakings to report voluntarily and without delay to the cantonal employment office any posts which are vacant in their undertakings.

In Czechoslovakia the Convention concerning emigration concluded with France on 20 March 1920 requires that the recruiting of Czechoslovak workers for employment in France shall be made through the central employment office of Czechoslovakia. Any direct recruitment of labour by employers or their agents is null and void and labour contracts made by this means are also null and void.

#### *Functional Specialisation*

The subdivision of employment agencies into branches for various occupations is one of the most salient features of the best organised systems, and is one of the principal reasons for their success. But the exchanges have to be of considerable size to permit of such functional specialisation. In places of medium size there are generally two branches, one for men and one for women, and these have, as far as possible, separate waiting-rooms and entrances. Sometimes there is also a special branch for giving advice to young persons in the choice of an occupation and for the finding of employment for apprentices. In large towns the main subdivision is made according to industries or occupations, and these sections are in turn subdivided into branches for the two sexes, or for young persons.

In Germany the subdivision of the public employment exchange system according to industries and occupations had already been considerably developed before the war. In the Bill at present before the Reichstag it is expressly laid down that sections for particular occupations are to be set up in the public employment exchanges whenever a joint council of employers and employed consider it necessary. Each section is to have a special joint committee.

In Belgium, when the employment exchange system was re-organised by the Ministry of Industry and Labour after the war, the official labour exchanges of Brussels, Antwerp, and Liége were set up, and each was subdivided into about ten sections for various occupations, supervised by special joint committees. The staff consists in each case of persons acquainted with the customs prevailing in the industry or occupation in question. This makes it particularly easy to find employment for workers, and gives both employers and workers the best possible guarantees for the practical working of the system.

In Canada the public employment exchanges of Toronto and Winnipeg have special departments which deal with agricultural labour.

In France the most conspicuous example of subdivision according to occupations is provided by the employment office for the Department of the Seine (Paris and the surrounding district), which is one of the largest local employment exchange organisations of the world. The branches, dealing with special industries or occupations, are administered by representatives of the employers' and workers' organisations, and are organised in such a way as to correspond to the special requirements of the industries in question both from the employers' and the workers' point of view.

In other Departments subdivision has not been carried as far as in Paris. In the large seaports, however, there are special public employment exchanges for dockers and for seamen.

In Great Britain the employment exchanges are generally only subdivided according to the sex of the workers, or according to whether they are skilled or unskilled. In the seaports, however, particularly in Liverpool, there are special employment agencies for dockers, and these have achieved remarkable results in stabilising the employment of these workers. There also exist in the ports, side by side with the official employment exchanges, jointly controlled employment agencies for seamen under the National Maritime Board. In London there is also a special organisation for the building industry attached to the employment exchange organisation of the Ministry of Labour, supervised by a joint committee of representatives of the industry, and with a staff of persons who have a technical acquaintance with the industry. The work of this exchange has not given rise to the same criticism as that of the somewhat bureaucratic, unspecialised exchanges, and is regarded as being the more satisfactory.

In Italy the Milan exchange, the oldest and most active of the public employment agencies, has 11 distinct branches for various occupations.

In Norway special branches for seamen have been set up in the public employment agencies of the principal seaports. These branches do a great deal of work in addition to the actual finding of employment. They supply types of engagement contract, advance wages in case of necessity, deal with passports, etc. The special seamen's branch which was established at Christiania in

1911 has been so successful that it is now entirely responsible for the finding of employment for seamen and ships' officers in the port itself and the surrounding districts.

In the Netherlands a number of communal employment agencies also have special branches for certain industries or occupations, particularly inland shipping. The maritime shipping section of the communal employment exchange of Rotterdam is particularly active.

In Sweden there are special sections in the public employment agencies of the principal ports, which have been established to find employment for seamen by agreement between the ship-owners' and seamen's organisations.

In Roumania and Switzerland the Acts or Regulations dealing with public employment agencies specially provide for the institution in the employment agencies of branches dealing with particular occupations.

### *Labour Exchanges and Trade Disputes*

The public employment exchanges acting as intermediaries between employers and employed cannot work successfully without the confidence of both sides. The general rule, therefore, is one of neutrality in their work. This neutrality is usually secured through the joint committees of employers and workers attached to the administrative organisation, and by legal provisions or regulations defining the attitude to be adopted by the exchanges in the case of labour disputes.

While the conception of a neutral attitude varies in different countries, in most cases it consists in the requirement to give notice to intending applicants of the existence of a dispute at any point from which help is being demanded.

In Norway, for example, if a dispute has given rise to a collective stoppage of work, and if one of the parties informs the public employment agency of the dispute, the agency posts up a notice briefly summarising the statement which has been made to it, for the information of the employers and employed.

In France and Switzerland still greater precautions are taken to prevent an unemployed worker being sent by the public employment exchange to an undertaking where there is a strike, without being aware of the existence of the strike. Not only are notices posted up stating that a strike is in progress, but the officials of the employment exchange are obliged to inform each individual worker to whom they offer a post in an undertaking where there is a strike or a lock-out.

In Finland the heads of the public employment agencies have to obtain full information concerning the nature and extent of labour disputes and to supply this information to any applicants to whom they report the posts which have become vacant owing to the dispute.

In Great Britain the officials of the employment exchange are also obliged to inform applicants of the cause of disputes which

are in progress, according to the statements which they have received from the representatives of the parties concerned. They do not accept responsibility for such statements.

In Germany neutrality is still more scrupulously preserved. The Act concerning industrial disputes lays down that the public employment agencies may not send workers to an undertaking where there is a strike unless they expressly request to be sent to such undertakings.

In Belgium and the Netherlands the procedure is different in the different exchanges. Some exchanges simply inform applicants of the existence of the dispute, while others entirely cease their activities in connection with undertakings where disputes are in progress.

In Denmark, Spain, and Italy the employment exchanges also cease their functions in regard to establishments where there is a dispute. In Denmark the Act of 22 December 1921 lays down that, if a strike or a lock-out has been duly notified by the employers' or workers' organisations concerned, employment exchanges recognised by the Government may not send applicants to the undertakings affected by the dispute until the dispute has either come to an end or has been declared illegal.

In Spain a similar provision is contained in the regulations of the municipal employment office of Madrid which the Government recommends as model regulations.

In Italy the Legislative Decree of 17 November 1918 requires employment agencies recognised by the Government to adopt the same attitude. If the dispute is settled by arbitration or conciliation, the employment agency only resumes its functions in regard to those parties which conform to the decision arrived at.

### *Conciliation of Disputes*

In some countries the public employment exchanges or, at any rate, the joint committees attached to them play an active part in the conciliation or arbitration of industrial disputes. This applies to Belgium, Denmark, and Spain. In Denmark Article 7 of the Act of 22 December 1921 lays down that, if posts in any particular undertaking are repeatedly refused by applicants, although no strike or lock-out has been reported from the undertaking in question, the facts are reported to the Director of Labour in the Ministry of the Interior who may, if necessary, notify the employers' and workers' organisations concerned in order that the case may be dealt with in accordance with the procedure for the settlement of industrial disputes in the industry concerned. When the organisations have been notified, no applicants may be sent for the posts involved in the dispute until a decision has been reached. The decision is at once communicated to the Director of Labour in the Ministry of the Interior, who has to ascertain whether the conditions of employment offered in the posts involved in the dispute are in accordance with the decision which was promulgated. If the employer refuses to engage the number of

workers which he previously required according to the conditions laid down by the decision, the Director of Labour informs the employer and the competent employment exchange that no applicants may be sent for such posts.

### *Conditions of Employment a Factor*

In many countries the public employment exchanges register all vacant posts notified to them without distinction whatever conditions of labour may be offered, and fill them whenever they are able to supply suitable applicants. In some countries, however, the employment exchanges are obliged to refuse to fill certain posts. It has been shown above that this is the case in Denmark.

In Spain the model regulations recommended by the Ministry of Labour lay down that the employment exchanges are to refuse to fill posts if the wage offered falls below a certain minimum. They must also see that the hours of work and other conditions are of a satisfactory nature.

In Great Britain the employment exchanges are obliged to refuse to fill posts in industries for which a minimum wage has been fixed, if the wage offered is less than the minimum. In other cases the vacant posts are registered and notified to applicants even if the wage offered is below the normal rate. If, however, the vacant post is in another district, the employment exchange refuses to advance the applicant's fare if the wage offered is appreciably below the normal rate.

In Italy collective agreements between employers' and workers' organisations may be officially communicated to the employment exchanges. In this case posts may not be filled if the conditions of employment are less favourable than those laid down in the agreement.

### NUMBER AND CO-ORDINATION OF EXCHANGES

The Washington Convention concerning unemployment expressly states that the public employment exchanges established in each country should constitute a single coherent system and that, if there are free private agencies as well as public agencies, the work of both should be co-ordinated in a national scheme. This shows that the Washington Convention is intended to provide not only for the local organisation of the exchange of employment, but also for inter-regional organisation. The Convention also refers to the international exchange of labour, since it lays down that the work of the national systems is to be co-ordinated by the International Labour Office in agreement with the countries concerned.

In some countries, such as Great Britain and Italy, there are an enormous number of local exchanges. In Great Britain there are about 400 public employment exchanges and 1,000 branches which are open for part of the day. It must be admitted, however, that the exchanges and, to a still greater extent, the

branches, are at present not so much engaged on the actual work of finding employment as on administering the Unemployment Insurance Acts. In Italy there were, in April 1920, 255 local employment exchanges and 4,425 local employment committees (*avviamento al lavoro*). In most countries, however, the number of local agencies is much smaller. There are 33 in Belgium, 76 in Canada, 93 in Denmark, 25 in Finland, about 230 in France, 49 in Norway, about 100 in the Netherlands, 35 in Sweden (including branch exchanges, 133), and 24 in Switzerland.

It is found that in small towns, those, for example, with less than 30,000 inhabitants, the number of undertakings in which it is possible for an unemployed worker of a particular occupation to find a post is comparatively small. He is generally acquainted with these undertakings, and it is as quick for him to apply to them as to go to an employment agency. Similarly, an employer in a small town who requires a worker is generally able to find out either directly or through one of his foremen what persons are available. Thus in small towns workers can find posts and employers can obtain staff directly, without trouble, and if their requirements cannot be satisfied on the spot, they have only to apply to the public employment agency of the nearest large centre.

### *Regional Co-ordination and Payment of Travelling Fares*

Regional offices have been set up in most countries to facilitate the inter-local agencies. These regional offices are generally responsible for balancing the surplus supply of labour in the various localities. The national office undertakes similar work for the country as a whole. In order to prevent the employment of an unnecessarily large staff, it is frequently arranged that one of the local agencies shall act as the regional or national office. Periodical lists of posts vacant and of unemployed persons are usually circulated among the exchanges and the local agencies are in direct communication with one another, by telephone or telegraph.

In Germany the Bill which has already been mentioned provides that a co-ordinating office shall be set up in each Province or State; the already existing Federal Employment Office will act as the central organisation.

In Canada each local agency sends a daily report to the clearance office of the Province; the clearance offices in turn report to the inter-Provincial offices at Ottawa for the east, and Winnipeg for the west. A list of posts which remain unfilled and workers who remain without positions is published by the Federal Government in a special publication entitled *The Dominion Clearance Bulletin*.

In Denmark the Minister of the Interior may instruct certain communal employment agencies to act as clearance offices in certain districts. The Copenhagen exchange undertakes similar work for the country as a whole.

In France the central employment office which is attached to the Ministry of Labour publishes weekly statistics of surplus demand and supply of labour on the basis of reports from the Department offices. Between the central office and the Department offices there are six regional offices. The functions of the regional offices are generally carried out by the Department office of the town in which they are set up.

In Great Britain there is a central office attached to the Ministry of Labour and nine regional offices. Vacant posts which cannot be filled locally are published in the *National Clearing House Gazette*. A complete edition of the *Gazette* appears each week and daily supplements are also published.

In the Netherlands posts which cannot be filled locally are reported every day by telephone or telegraph to one of the 34 district exchanges. The district exchange in turn reports to the national central office, which publishes a complete list of unfilled posts in a daily report which is sent to all the district offices.

In Switzerland the Federal Labour Office draws up every week a list of unfilled posts reported from the various cantonal offices and a list of the occupations of unemployed persons whose family circumstances permit them to accept an offer of employment in districts other than those where they reside. This list is circulated to the offices, which can then enter into relations with one another and can arrange for the inter-local exchange of labour.

In many countries the inter-local exchange of labour is facilitated by regulations empowering the local agencies to provide unemployed persons whom they place in another district with transport free of charge, or at a reduced fare, or to make them an advance for their travelling expenses which is subsequently recovered from their wages.

#### *International Co-ordination*

There has as yet been no opportunity for the International Labour Office to arrange for the international exchange of labour by co-ordinating the work of the national systems in agreement with the countries concerned according to the Washington Convention. The international exchange of labour has, however, been to some extent organised between certain countries such as France on the one hand and Italy, Poland and Czechoslovakia on the other, by means of Conventions dealing with the collective engagement of workers. These Conventions are in accordance with the Recommendation concerning unemployment which was adopted at Washington, which attributes important functions to the public employment agencies. In many other countries the central employment exchange organisation is responsible for the control of the immigration or emigration of workers.

In Germany the international movement as it affects that country is especially reserved for the Federal Employment Office by the Order of 5 May 1920.

In Canada the Federal employment organisation collaborates

with the British organisation in order to find workers for posts which cannot be filled in the country itself. The applications of Canadian employers for British workers are checked by the Federal organisation, which, if it considers them justified, forwards them to the British Ministry of Labour.

In Chili the Government Bill provides that the proposed central employment office at Santiago is to enter into relations with the International Labour Office in accordance with the Convention concerning unemployment. The central office is to have the monopoly of the collective engagement of foreign workers. It will only engage such workers if an agreement has previously been reached between the Chilian Government and the Government of the country in which the workers are engaged.

In Spain offers of posts and requests for employment coming from foreign countries are received by the Ministry of Labour, which communicates them to the official employment exchanges.

In France there are special employment agencies to find posts for foreign workers as soon as they enter the country. Foreign workers may also be placed by the ordinary Department offices.

In Great Britain official employment exchanges which receive notices of vacant posts in foreign countries are not allowed to fill them without the authorisation of the Ministry of Labour in each individual case. The formalities are simplified in the case of posts in the Dominions, with which a system of co-operation is in force.

In the Netherlands the Federation of Public Employment Exchanges has a special office on German territory at Oberhausen in the Ruhr district. This office finds posts for Dutch workers, large numbers of whom are employed in the district.

In Poland the public employment agencies play an important part in organising the emigration of workers. Their official title is State Offices for Finding Employment for Workers and for assisting Emigrants.

In Roumania the Act concerning employment agencies contains a clause providing that the Ministry of Labour shall decide whether foreign workers are to be allowed to enter the country or whether national workers are to be allowed to leave it. Notices of vacant posts in foreign countries are received by the central employment office, which communicates them to the district employment exchanges.

#### RELATION TO SPECIAL RELIEF WORKS ORGANISATIONS

If relief works organised by the governments to provide productive employment for unemployed persons are to be really effective, the persons to be employed must not be selected haphazard, but with a view both to the nature of the work and their own qualifications. It is therefore laid down in many countries that persons to be employed on relief work may only be engaged through the public employment agencies. This is the case in Germany, Denmark, Great Britain, and Poland.

In many cases there are regulations laying down that unemployed persons in receipt of benefits from public funds should have preference over other unemployed persons as regards employment on relief works. Regulations of this kind have of course the advantage of economy, but their disadvantage is that those unemployed persons who are not entitled to unemployment benefit are deprived of all forms of state aid, since they may not be employed on relief work. This applies particularly during prolonged periods of unemployment, and it becomes a question whether first preference should not be given to those who have been out of work so long that they have exhausted their right to insurance benefits.

It is important that an unemployed person should not continue to be employed on relief work when he could obtain normal employment. In order to prevent this, it is generally arranged that the wages paid for relief work are less than those paid in normal industry. In some countries, however, such as Germany and Great Britain, it is also definitely provided that unemployed persons who are engaged on relief work shall remain on the register of the employment agencies, which have to make every effort to find them normal employment as soon as possible.

In Canada the employment agencies are used, not only to facilitate the organisation of relief work by the engagement of suitable persons, but also to arrange as far as possible that government contracts are offered in periods of industrial depression. There is a committee controlling the purchase of government supplies, which keeps in touch with the national employment exchange system. As soon as the reports of the latter show that there is a slackening of output in any industry, it tries to arrange that the industry in question receives orders for any supplies which the Government may require.

#### RELATION TO UNEMPLOYMENT INSURANCE SCHEMES

In most countries there is a close connection between the unemployment insurance system and the system of public employment exchanges. The latter have to ascertain whether insured workers are actually unemployed and whether their unemployment is involuntary. It has been rightly maintained (<sup>5</sup>) that the connection between unemployment insurance and the finding of employment should be still closer than it is at present. In a system of insurance designed to prevent unemployment, and not simply to relieve it, the most important form which the benefit should take is, not unemployment pay given in partial compensation for the loss of wages, but the provision of a new post. This is the true value of insurance, namely, to prevent risk, not to palliate consequences.

In Great Britain the two institutions are completely amalg-

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(<sup>5</sup>) General Assembly of the International Association on Unemployment, Ghent, 1913; General Report of Prof. Fuster. *Bulletin of the Association*, April-June 1914.

mated ; the employment exchanges administer the insurance system and with some exceptions pay the unemployment benefit, after verifying not only the fact that the insured person is actually and involuntarily unemployed and that no other post can be found for him, but also that he has paid the necessary contributions and fulfils all the other conditions laid down by the Unemployment Insurance Act.

Experience seems to have shown, however, that too complete an amalgamation of the two systems is not favourable to the satisfactory organisation of the employment exchange system. The numerous bureaucratic formalities which are a necessary part of the administration of the insurance system greatly hinder the employment exchanges in the exercise of their essential function of finding employment. The administration of insurance and the placing of unemployed workers are, after all, two distinct functions which require different organisations. It is, of course, most desirable that in places which are too small to require an independent public employment exchange, the official responsible for administering the insurance system should deal with the finding of employment for workers as a subsidiary part of his duties. In large towns, however, it is probably undesirable that the two functions should be combined. The qualifications required in the staff which has to administer an insurance system are quite different from those required for the principal officials of employment exchanges. For the former accountants and book-keeping clerks are needed, while for the latter the staff should be acquainted with the requirements of the industries and the customs of the occupations with which they have to deal, and should possess sufficient initiative and judgment of character to give the fullest possible satisfaction to the employers and employed persons who apply to them. The administration of an insurance system is a matter of routine, but routine is fatal in an employment exchange.

In Germany the two systems will no doubt be closely linked together, inasmuch as the Bill at present being discussed provides that two-thirds of the expenses of the employment exchanges are to be covered by the employers' and workers' contributions under the unemployment insurance system.

In countries such as Belgium, Denmark, Finland, Norway, and the Netherlands, where unemployment insurance is in the main organised by the trade unions, and only subsidised by the Government, the supervision of unemployed persons and the prevention of abuses is to a large extent left to the trade unions. Trade union supervision is, as a general rule, severe, as the members supervise one another and every insured person is interested in the prevention of fraud. Again, the trade union is always an interested organisation for finding employment for its members. There is, nevertheless, an increasing tendency to exercise additional supervision through the public employment exchanges by requiring unemployed persons in receipt of benefit to register themselves with the exchanges.

The public employment exchange systems are for the most part of recent date and are still in course of development. In many countries they were not set up until after the war; other countries have not yet instituted them, but intend to do so, as they are convinced of their utility. In countries which already had employment exchange systems before the war, there have been progressive improvement and development. Enough experience has been gathered in this survey and analysis of the various systems to justify the statement of certain fundamental principles which should be observed in any system of employment exchange administration.

The organisation of public employment exchanges cannot be left solely to the local authorities. The state must intervene to co-ordinate the exchanges in a national system. It is, however, undesirable to make the employment exchanges a centralised bureaucratic organisation. If they are to carry out their work in a satisfactory manner, they must enjoy a large measure of autonomy. They should be supervised by joint committees consisting of authorised representatives of the workers' and employers' organisations invested with considerable administrative powers.

The employment exchanges, although state institutions, should belong less to the system of political administration than to the industrial organisation. It is therefore desirable that they should, as far as possible, be subdivided into branches dealing with particular occupations or industries, and that these branches should in turn enjoy sufficient autonomy to adapt themselves to the various requirements of the occupations and industries with which they deal.

The public employment exchanges should not be diverted from their proper functions by other duties of a purely administrative nature. They can and should, however, play an important part in the application of other means of preventing or palliating unemployment. Such means include unemployment insurance and the organisation of relief work or the establishment of a systematic policy aiming at reserving public works, as far as possible, for periods of industrial depression.

The public employment agencies should adopt a strictly neutral attitude towards the interests of employers and workers respectively. The attitude adopted may, as has been shown, vary in different countries, and may be modified in order to conform to the observed relations existing between the employers' and workers' organisations at any particular time.

In so far as these conditions are fulfilled, the public employment exchanges are already, and may progressively become, the mainspring of all the institutions which have been set up in order to organise the labour market and thus to mitigate the evil of chronic unemployment.

## WORK OF PUBLIC EMPLOYMENT EXCHANGES IN VARIOUS COUNTRIES

Country	Twelve-monthly Period	Number of exchanges	Number of workers seeking work			Number of places offered			Number of workers placed			Number of workers placed in 1914
			Men	Women	Total	Men	Women	Total	Men	Women	Total	
South Africa	1920	—	—	—	20,708	—	—	9,468	—	—	6,590	—
Germany	1921	—	4,757,000	4,856,000	6,613,000	4,154,000	1,998,000	6,152,000	3,780,000	1,419,000	5,199,000	1,678,000
Austria	1921	—	—	—	—	—	—	—	—	—	242,901	—
Belgium	1921	33	141,238	52,287	193,525	60,520	37,030	97,550	46,846	27,903	74,749	29,475
Canada	1921	76	438,278	96,485	534,763	321,332	98,622	419,954	245,433	35,271	280,704	—
Denmark	1919-1920	93	265,420	41,085	306,214	—	—	104,440	65,638	30,684	96,322	28,198
France	1921	90 (Department offices)	—	—	—	—	—	—	837,341	236,109	1,073,450 (*)	118,825
Great Britain	1921	ca. 1,400	6,701,827	2,601,699	9,303,526	611,858	413,044	1,024,602	564,663	277,799	842,462(*)	593,730
Japan	1920	68	—	—	119,762	—	—	92,693	—	—	63,300	—
Norway	1921	49	298,399	59,877	358,276	33,657	51,915	85,572	28,766	31,917	60,683	60,413
The Netherlands	1921	ca. 100	316,843	99,885	416,728	103,634	92,748	196,382	84,805	57,851	142,656	43,909
Kingdom of the Serbs, Croats and Slovenes	1920	—	18,314	5,103	23,417	11,578	4,271	15,849	7,379	2,665	10,044	—
Sweden	1921	133	396,263	138,408	734,371	136,883	23,937	260,820	126,703	78,428	203,131	84,802
Switzerland	1921	24	219,060	75,108	294,174	54,360	33,552	87,912	45,946	20,543	66,489	60,755

(\*) 548,411 in permanent employ, 527,039 in temporary work.

(\*) Not including workers placed in temporary work.