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Author(s): J. St. G. Heath

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GERMAN LABOUR EXCHANGES.

PROBABLY few people in England have any conception of the amount of literature which has appeared in Germany on the subject of labour exchanges. In quantity, at least, it far outweighs all that has been written in England during the last twenty years on the whole problem of low wages and unemployment. Few people in England, further, are aware that the first labour exchange in Germany was started in the year 1841, and that there are now in Germany, at the lowest calculation, over one thousand labour exchanges. So far in England only two accounts of any note have appeared on this subject. The first was a report presented to the Board of Trade in 1904 on "Agencies and Methods for Dealing with the Unemployed in Certain Foreign Countries," by Mr. D. F. Schloss. The other consisted of two extremely interesting descriptions of German labour exchanges by Mr. W. H. Beveridge, published in two earlier numbers of this JOURNAL.¹ Out of the mass of material collected by the present writer for a descriptive work on the many-sided aspects of German labour exchanges, a few points have here been selected in advance in order to deal somewhat cursorily with one or two aspects which may be of immediate interest as showing how Germany has met and dealt with problems which the new labour exchanges in England are already called upon to face.

In this country popular attention has been directed mainly to the public official labour exchanges in Germany, and streams of English visitors have poured over to inspect the big labour exchanges in some of the large towns. The following figures will show that there are three most important kinds of labour ex-

¹ See Appendix to Unemployment, by W. H. Beveridge.

changes, namely, the public exchanges, those of the masters, and those of the men; and we give here the figures of the places filled by each in the whole of the German Empire in 1908 :—

Public Labour Exchanges (figures for men only)	660,000
Employers' Labour Exchanges (almost entirely men)	560,000
Employees' Labour Exchanges (almost entirely men)	300,000 ¹

Still more surprising is a comparison of the figures of places filled by Munich in the years 1906 and 1908 by the different kinds of public and private labour exchanges. It may be of interest to note that the Munich Public Labour Exchange was selected by Mr. Beveridge as the most successful and best-equipped labour exchange in Germany, and yet it will be noticed that the proportion of places filled by the public exchange was smaller in 1909 than in 1906 :—

Places filled.	1906.		1909.	
		Per cent.		Per cent.
(1) By Public Labour Exchanges	53,673	55	64,516	51·3
(2) Philanthropic Unions	10,329	10·6	10,481	8·5
(3) Joint Exchanges of Masters and Men in Certain Trades	7,987	8·2	4,751	3·8
(4) Employers' Exchanges	356	0·3	17,942	14·3
(5) Employees' Exchanges	8,460	8·6	13,450	10·7
(6) Profit-making Agencies	16,842	17·3	14,293	11·4

In the *Contemporary Review* for October, 1909, there appeared a highly picturesque article on the Berlin Labour Exchange, signed "Eulenspiegel," which contained these words :—"In connection with the admirable system of insurance in Berlin, an institution is being carried on whereby the evils and sufferings resulting from unemployment are reduced to what is, after all the multiplex circumstances of the case have been duly weighed, a humanly rational minimum." This institution turns out to be the Berlin Central Labour Exchange. It is well to remember, however, that this institution, at the highest estimate, does not fill one-third of the total places filled by labour exchanges in Berlin, and that, in spite of the efforts of all the labour exchanges in Berlin, at least two-thirds of the workmen still get work by turning up at the factory gates, by answering advertisements, or through the help of the profit-making agencies.

As far as labour exchanges are concerned, the most striking feature in Germany during recent years has been the phenomenal growth of the Employers' Labour Exchanges. Between the years 1904 and 1908 the number of places filled by them has

¹ The accuracy of all these figures has been hotly disputed by the rival parties. The writer is satisfied, however, that they furnish a rough idea as to the proportion of places filled by the rival exchanges. Under the Employers' Labour Exchanges have been included the exchanges of the Innungen or guilds.

probably doubled, and there has been an even more phenomenal increase in 1909 and the first part of 1910. The first Employers' Labour Exchange was started in Hamburg as early as 1889 in the iron and steel industry. From thence, some years later, it spread to the shipping and docking industry, notably in Hamburg, where the Employers' Labour Exchanges have now almost complete control of the market. But the year 1909 formed the critical year in the history of Employers' Exchanges. The General Federation of Employers in the building industry decided to start labour exchanges, and made an effort to insert in the new agreement with the men a clause which ran:—"The labour exchanges established or to be established by the employers are to be recognised and used to the exclusion of all other methods, by employer and employed alike. The management of the labour exchange is to follow lines laid down by the employers, and the whole cost of it is to be met by the employers." This agreement between masters and men was to come into force in April, 1910. The demand by the masters for a compulsory use of the exchange was one of the chief causes which led to the huge lockout of 200,000 men in the building trade from April to June, 1910. Finally, the matter is left undecided. The employers retain their labour exchanges, though they have not been able to insert the compulsory clause in the agreement. Also, in 1909, the employers in the mining industry decided to start a compulsory labour exchange in the Rhine-Westphalian mining district, and the matter formed the subject of a special discussion in the Reichstag. But, in spite of this, the employers have started their exchanges, though they have not yet been able to enforce a completely compulsory use of them upon the men.

In the present year there has been carried through the Reichstag a new law of the utmost importance and fraught with immense possibilities. It is ostensibly and primarily directed against the private employment agencies which make a livelihood from their work. Recent investigations have shown that these agencies are often contrary to the best interests of the public. Huge fees are charged, and sometimes even bogus technical schools have been started by these agencies to attract people to them. In future, the fees are to be fixed by the magistrates, who have power to close any agencies if they see fit, and to refuse to allow new ones to be started if, in their opinion, the demand is already met by the public labour exchange. No fees may be charged except for places actually found, and no private employment agency may be set up in conjunction with public-

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houses, lodging-houses, tobacco shops, pawnshops, or lottery agencies. The discussion in the Reichstag was of great importance as showing the attitude of the public. An amendment was proposed by the Socialist party to make labour exchanges a State monopoly. This was rejected by the Reichstag; but the Secretary of State, Herr Delbrück, made no concealment of the fact that, in his opinion, the ideal was the public impartial labour exchange. So great was the influence of upholders of public exchanges that, in spite of strenuous opposition from the employers, a special clause was inserted which allowed local authorities to extend most of these regulations, not only to the profit-making agencies, but to the others as well, with the power of closing those which were clearly against the interests of the public. It was clear from the discussion that a way was thus opened for the more democratic Governments in the south, such as Baden and Bavaria, to proceed by law against the Employers' Labour Exchange. As a writer in *Soziale Praxis* says:—"There is no doubt that this weapon, even if it be not used for years, yet hangs like the sword of Damocles over the head of the huge and unscrupulous labour exchanges of the employers."

It is of great importance to England to discover what are the causes of the growth of the Employers' Labour Exchanges. There is no doubt that federation among the German employers is more highly developed than among the English. The amazing growth of the Kartell System is a proof of this, and the more theoretic training of the German employer has shown him what a powerful weapon the Employers' Exchange can be. For instance, if a strike breaks out in a firm, the Employers' Exchange can insist on the workmen who come to the exchange going to this firm; and if they refuse to be blacklegs, the exchange can shut them out from all other work. Further, it enables them to keep a complete black-list of all dangerous characters, or, to quote one of their phrases, "Socialists and other agitators."

This side of it is easily explicable, and gives food for reflection as to how far it may not be advisable in England for State action to be taken to guard against the danger of labour agencies being used as a weapon by either masters or men.

But it would be unfair to the employers to say that their labour exchanges have been started merely as weapons against the workmen. Conversation with a large number of employers has convinced the present writer that there exists a great deal of dissatisfaction on the part of employers with what they call the unbusinesslike methods on which the public labour exchanges are

conducted. When one visits, for instance, the Employers' Labour Exchange in Berlin for the metal industry, and then the Public Labour Exchange, one is impressed with the immense superiority of the Employers' Labour Exchange from the purely business point of view. The manager of the Employers' Exchange for the metal industry has not only studied statistics and political economy at the university, but is also thoroughly conversant with all branches of the metal industry. Under him he has sixteen assistants, more than the entire staff of the Public Exchange for all the many industries with which it has to deal,¹ and these assistants, having also a thorough knowledge of every branch of the metal industry, can consequently respond to the wishes of the employers far better than the officials of the Public labour exchange. Then, again, in the Public Exchange in Berlin, only men on the spot in the waiting-room are engaged. In the Employers' Exchange hundreds of postcards are sent out to the men every week advising them about work.

The chief objection of the employers centres round the question of selecting workmen. In the employers' newspapers and magazines one finds it asserted again and again that the Public Labour Exchanges send out the men according to the order in which they have registered themselves. In the official organs of the Public labour exchange this charge is perpetually and indignantly refuted. Truth, as is often the case, lies in the mean between the two.

In England, except among those actually responsible for the working of the labour exchanges, comparatively little interest has been aroused over what is in Germany a burning question, namely, by what method the manager of the labour exchange is to allot the work amongst the applicants. In England at present there are no regulations laid down. Everything rests with the manager. Thus, to take an extreme instance, in a dock town, if a manager could persuade both employers and employed to use his exchange, he could set to work to decasualise dock labour without any Act of Parliament. For if he has a thousand applicants a week for five hundred casual jobs, he could give all the jobs to one-half the men and none to the other half.

In Germany, on the other hand, after years of experience, a tradition has gradually been built up. The director of the labour exchange has had to steer between two rival claims, those of the employer and those of the employed.

¹ The Westphalian Union of Mining Employers has estimated in its budget for an expenditure of no less than £15,000 for the Labour Exchanges in this coal district,

The employer's demand is easy and plain. He requires that the manager of the exchange shall pick out three or four of the most suitable men and send them to his factory, leaving him to select from amongst them those who suit him best. But this is not so easy as it seems. In the first place, in Germany as in England, a great number of managers have very little practical experience of business life, and it is extremely hard by looking at a fitter or a turner to say whether he is a capable workman or not. And especially in the case of the more unskilled industries, there may be in big towns a hundred or more men equally suitable for the post, and in this case some method of selection must be adopted.

What the workmen demand we can see best by reference to two most remarkable labour exchanges, the so-called impartial exchanges of the brewing industry and the printing industry. Both these are regulated by a joint committee of masters and men. In both, but especially in the printing industry, the men are extremely well organised. The printers claim that 98 per cent. of the men are in their union. Every trade unionist is pledged to accept work only through this impartial labour exchange. The employer is not so pledged; but as all the printers belong to the union, he is practically compelled to take his men through the labour exchange. The men have insisted that the manager of the exchange shall be compelled to register them all in the order in which they apply for work, and send them out in turn, except when he is convinced that they are not suitable for the particular job. And wherever the workmen have the upper hand, their labour exchange always keeps as far as possible to the order in which the men have registered themselves.

And their claim is not lightly to be dismissed. In the printing trade, for instance, the masters often ask for youths because they are cheaper, but the manager of the labour exchange strictly follows the list, and sends out, it may be, some older men and some younger. The adherence to the list has a great advantage for the older men, who find themselves thus on an equality with the younger. And as the younger realise that some time they, too, will grow old, they are also ready to give up present for future advantages. It also has the tendency of distributing the pressure of unemployment rather more equally over the workmen. Simply by the lottery of fortune in England one capable workman may be a long time out of work, while another may have the good luck to get a post each time he applies. By the method of

following the list all have an equal chance. But, it may be urged, what about the employers—will they not get inferior men? In reply, the trade unionist answers that an employer is not obliged to engage a man if he be unsuitable; and even if he does engage him, he can dismiss him after a few days. It is quite possible that an inferior workman may get sent around to all the employers and get rejected by them all, unless some employer, pressed for men, gives in and takes him. Thus the trade unions claim that it need not mean that the employer gets inferior workmen, but it does mean that the work is more evenly allotted, and that older and younger men have a fairer share of employment. In some cases, too, this much latitude is allowed to the employer: that one out of every four or five of their employees may be engaged other than through the exchange.

What, then, is the attitude of the public labour exchanges between these conflicting claims?

The German managers confess that many mistakes were made in the past which did much to alienate the employers from the exchange. In many cases labour exchanges were regarded more as a means of finding work for the workless than as a means for finding the most suitable men for the most suitable posts. As long ago as 1902 the great authority on German exchanges wrote:—"The better the labour exchanges are organised, the less will they be used by men actually out of work, and the more will they be used by men who are likely to fall out of work or who desire a better post." But, in spite of these wise words, the Berlin Labour Exchange still makes it a rule to deter men who are still in work from making use of the exchange. Past traditions die hard, and many employers still regard the labour exchanges as a device for finding work for inefficient "out-of-works."

But as the years have gone on there has gradually grown up among the public labour exchanges a more or less uniform method of dealing with the problem of allotting work. A circular on this point was recently addressed to all these exchanges, and from the answers it was plain that an overwhelming majority were in agreement at least upon the theoretic answer to this problem.

When the employer demands men the labour exchange must, before all things, have an eye to the efficiency of the men. As we have before said, it is extremely hard for managers without actual experience as foremen in an industry to select the right people, but they make the attempt, in which they are helped by

the insurance card, which gives evidence whether the man has been regularly employed or not. Next, the choice should be given to the employer, and, if possible, two or three men should be sent to him.

But what about the workman? In this case a choice should also be given him between employers. In some cases he is given the name of two or three employers, and he is allowed to choose between them; but if he is sent out to two or three, this makes it infinitely harder to get a reliable record of the posts filled; so more frequently he is allowed to refuse any particular post and wait for another, or else no choice at all is given to him.

But, further, there is the problem, especially in the case of unskilled labour, of there being a great many men equally suitable. In Berlin, and in many other towns, all the names are entered into a book or on to cards in the order of application. First, preference is given, if capacity is equal, to those who have been there the longest; and then, after that, preference is given to married over single, and to those with many children over those with few. The more unskilled the work, the greater the prominence given to these considerations, especially in a labour exchange like Berlin, where there often sit over one thousand unskilled men in the large hall, of whom the majority are prepared to undertake various kinds of digging and navvying work.

In this way the public labour exchanges try to hold the balance between the two as far as the problem of allotting work is concerned. But there are wider issues involved with which we must briefly deal. All the managers whom we have questioned reply without any hesitation that, so long as they can satisfy the employers, their aim is to give out work according to need. The older and married men need it more; therefore they should have it. In England, on the other hand, it is noticeable that on the application form the question as to marriage is not even asked. The Germans claim that in the interests of the nation it is just and right that those who have the burden of the family should be favoured as far as possible.

It will be obvious to all that one cannot judge of the success of a labour exchange solely by considering the number of places which it fills each year. A great deal depends upon whether the posts are permanent or merely temporary. The Berlin Central Labour Exchange publishes some interesting figures upon this point. In 1908 it filled 57,655 places for men, but the actual number of men who got work was only 25,555. One workman got work no less than sixty times in the year through the labour

exchange, while fifty-nine got work between twenty and thirty times during the year, in some cases only for a few hours. This raises an interesting point. In theory it may be said that the more difficult it is for an employer to get men at a moment's notice, the more likely he will be to employ men regularly, whilst if he can ring up a central labour exchange and get them at a moment's notice, the more inclined he will be to dismiss them the moment a job is finished, and ring up the exchange for fresh labour when a new job begins.

Many of the leaders of the trade unions assured the writer that the system of employing men for short periods, sometimes a few hours, was on the increase. And even some of the managers of the labour exchanges admitted that the exchange was helping on this tendency. But it was impossible to get much statistical evidence upon this point even from the Imperial Statistical Office. One very interesting piece of evidence, however, as to the growth of employment for short periods can be got from the figures of the labour exchange in the Berlin brewing industry, managed by a joint committee of masters and men. A careful record has been kept of the number of permanent posts filled, and the number of the posts where the employer expressly declared that he only wanted men for a short period. Out of every hundred posts filled since 1900 the proportion was as follows :—

			<i>Permanent Posts.</i>	<i>Temporary Posts.</i>
1900	...	...	58	42
1901	...	...	47	53
1902	...	...	39	61
1903	...	...	37	63
1904	...	...	36	64
1905	...	...	34	66
1906	...	...	35	65
1907	...	...	31	69
1908	...	...	23	77
1909	...	...	22	78

From a system of employment for short periods to a system of casual labour is not a far step. It is obvious that, if by some mischance there are too many men in any particular industry at a given moment, the shorter the period of employment, the more chance have all of them to secure at least some share of the work. All the managers of the German labour exchanges whom we questioned declared that their aim was, so long as they could satisfy the employer, to distribute the work as far as possible amongst all the applicants. It may be that in Germany industry is too new for the problem of under-employment to have become acute. Many trade unionists declare that it is already acute, but

in the absence of statistical evidence we must leave the question open. One thing, however, is clear. Given too many men in any industry, and given a labour exchange doling out casual work in turn to all of them, instead of draining the surplus pool of labour, the labour exchange might even have the effect of increasing the size of the pool. The problem is one which requires careful attention, and seems to emphasise the fact that twenty years of experience in Germany has not yet hit upon the right method to be adopted in the allotment of work among the applicants who crowd the labour exchanges.

J. ST. G. HEATH