The Working of the Unemployed Workmen act, 1905, in Relation to the London Building Trade

Author(s): N. B. Dearle

Source: *The Economic Journal*, Vol. 18, No. 69 (Mar., 1908), pp. 101-110
Published by: Wiley on behalf of the Royal Economic Society
Stable URL: http://www.jstor.org/stable/2221226
Accessed: 27-06-2016 02:32 UTC

but, on the contrary, they appear to stultify it. Like many other arguments used in political controversy, this appears based on a misuse of statistics, for, as Lord Goschen said some twenty years ago:—"Given a great number of figures partially unknown, given unlimited power and discretion of selection, and given an enthusiast determined to prove his case, and I will not answer for the consequences."

ALICE LEE

THE WORKING OF THE UNEMPLOYED WORKMEN ACT, 1905, IN RELATION TO THE LONDON BUILDING TRADE.

THE part of the above Act which is best known, and with which the present paper will be chiefly concerned, establishes the provision of temporary work to unemployed workmen. But this, though the chief, is only one of the methods by which the Act seeks to deal with the causes and results of want of work, and the main lines on which it is trying to work are three. The above is one, among several possible ways, of increasing the demand for labour; but the authorities under the Act are further given power to "endeavour to obtain work for the applicants," and to "establish, take over, and assist labour exchanges," this latter and the actual provision of work being in London confined to the Central Unemployed Body. These methods, which we may call the regulation of the supply of labour, and, thirdly, "the aiding of the emigration, or removal to another area, of the applicant or any of his dependents," are the means provided for reducing the surplus labour that is on the market. This paper, however, deals with the actual method of providing work that has been adopted, and its value in relation to causes of unemployment that affect the building trades. The Act itself contemplates the possibility of finding and, by means of temporary work, assisting those applicants who "are honestly desirous of obtaining work, but who are temporarily unable to do so through exceptional causes over which they have no control." This is to be done "in such a manner as they (that is, in London, the Central Body) think best calculated to put the applicant in a position to obtain regular work or other means of supporting himself." No trade is perhaps better able to illustrate the great complexity of the causes tending to lack of employment than the London building trade at the present time, or to show that the problems to be dealt with are far less simple than the wording of the Act would lead one to suppose. In the first place, the present long-continued depression makes

probably the existence of a large number of men "unemployed owing to exceptional causes," but in its normal condition the trade has for some time past exhibited other tendencies which the working of the Act has proved to be incapable of effective treatment by the existing method.[1] The chief causes at work, therefore, must first be described.

These causes are not by any means confined to this one set of trades, but at least all the so-called fluctuating trades suffer from them in different degrees at different times and places. First, there are those influences which tend to cause a permanent decrease in the demand for labour, either an absolute reduction in the amount required through, say, a simplification of processes, or a change in demand from the labour of one to that of a different class of workers. In either case there is a permanent reduction in the demand for the products of certain crafts, and except so far as they adapt themselves to the change, or unless a great and proportional expansion of the affected industry follows, there will be a displacement of some of the workmen. This may show itself in the permanent unemployment of some, or in a general reduction of the time worked by nearly all; and owing to the permanency of the cause this state of things will tend to continue. In the building trade new methods of construction, new and improved processes, and new materials, are affecting the various branches, some of these changes being the slow growth of years. The use of ferro-concrete has largely substituted labourers for the carpenters who previously did the flooring work, and much less brick and stonework is required when the steel framework provides the main support for the flooring. Again, plumbers are affected by the use of concrete instead of lead flats on roofs. A new class of electrical workers now does much that others used to perform with the old materials. Manufactured stone and sanitary ware have simplified the processes concerned, and left little but the fitting to be done; and the increased amount of joinery prepared either abroad or, as regards the local London trade, in the provinces, is decreasing the work done on the spot. But unemployment so caused, though exceptional, is not temporary, and the resulting displacement of labour is a permanent thing, and not one to be dealt with by temporary expedients.

Secondly, many trades experience fluctuations in the demand for labour that extend over a series of years, to which the name of "cyclical fluctuations" is generally given. They may be the

[1] Temporary provision of work: for the other means provided, such as Labour Exchanges, may appear to be what are required to replace the existing arrangement.

result of causes that affect the trade of the country generally, which tends to improve, first slowly, then rapidly, till it booms. Afterwards a decline, first gradual, but then more rapid, sets in till the trade becomes stagnant, this being followed by another rise, and then as before. The building trade is usually affected by such influences somewhat later than others, because activity and slackness in it tend to follow, and to result from, periods of general prosperity and adversity. But variations over a period of years may also be due to causes peculiar to a single trade, and as a result it may remain comparatively unaffected by the general changes in the national business. This has for the last fifteen years been seen in the building trade, more especially in London. During the 'nineties it enjoyed great prosperity, being only partially affected by the depression of 1893–5, and remained abnormally brisk from the close of the great frost (February, 1895), to the end of 1900. Similarly, the recent revival scarcely affected the building trade, particularly in London, where both boom and slump have been more pronounced than elsewhere. Such changes answer most closely to the "exceptional circumstances" of the Act. For though such variations are recurring ones and, therefore, to some extent calculable, the long interval between them renders them still exceptional, and in a somewhat wider sense than that employed in the Act, they are also temporary.

Thirdly, steady and calculable changes take place within the year in the building, as in some other trades. These are usually called seasonal, but may be brought about not only by purely climatic causes, but by social influences, which may or may not result indirectly from them. A heavy frost stops nearly all outside, and, indirectly, much inside, work; but partly owing to the mildness of recent winters and partly to a change in the use of materials—*e.g.*, cement for mortar—these stoppages have been less frequent in recent years. Less marked in individual years, but more consistent, is the influence of general winter conditions; and short days, darkness, fogs, and rain reduce the amount of employment available from the end of October until March. Large contracts have perforce to go on, but smaller ones, and the work of the small speculative builder, tend to be crowded into the more favourable months. This is especially the case where time is important and a quick return on capital is needed; where public convenience is involved, or in business premises; and the interaction of social and seasonal influences is seen in the refusal of people to have workmen in their houses during the winter. Purely social influences are also found, especially in London, owing to

the summer and winter seasons (May to July, and December to February), for a great amount is done in the previous months, chiefly consisting of redecorations, repairs, renewals, and additions, and as little as possible during the seasons themselves. Painters are peculiarly affected, so much of their work being of this type, and theirs is the most seasonal of the building trades. Next to them bricklayers and carpenters are most, and stonemasons least, affected. The result in London is seen in a very busy period in August and September, when all kinds of work are at their busiest, and a slack winter period when both seasonal and social causes are at work; but also a less pronounced period of briskness in the spring and a decline, also less marked, in the summer—in June especially. Elsewhere the variations in employment between the seasons are far more regular (see subjoined chart). Such causes of unemployment, heavy frosts apart, are in no sense exceptional, but owing to the purely temporary nature of such seasonal changes, the resulting lack of employment is, *primâ facie*, far more likely to be met by the provision of temporary work.

Fourthly, there is that which, for want of a better term, may be described as "general irregularity" of employment, or loss of time between one job and another. No trade, except perhaps dock labour, suffers more from this than those engaged in building. The causes of this irregularity may be found in the contract system, in the taking on of men for the job only, and without references or inquiries, and to some extent in the hour's notice. Except for speculative work, nearly all building is in fulfilment, not in anticipation of demand, and the amount of work a firm has in hand may vary continually according to its success in obtaining contracts, so that a steady total volume of employment may mean an indefinite variation from firm to firm. Further, one contract may differ widely from another, and need quite different hands, and so the total number of men engaged by a firm may remain the same whilst the units may vary greatly, as now one and now another type of artisan is most in demand. Moreover, each foreman engages his men independently for each job and dismisses them at the end of it, and even with the foremen of a single firm there may be little co-ordination, so that a man may get taken on or not according as he is known to individual foremen, and men may lose much work through death or change among them. Many men are able to move about from firm to firm, and so keep pretty constantly employed, and some firms may be able to keep, if not all their men, at any rate a nucleus of older hands, permanently employed; but most men are only

engaged for a job, and are discharged at the end of it. Each firm, therefore, and still more each district, tends to have its reserve of casual hands employed "off and on," and the size of London and the number of building firms makes much leakage inevitable. Moreover, the lower we get in the scale and the smaller the firm, the more irregular is the work. Very small firms, of which there are a considerable number, will sometimes have three or four men hanging on to them, to whom they will give a few days work a week when able to do so, seldom having anything like regular work to offer. Thus a reserve of labour is found which, except in seasons of exceptional prosperity like 1899, is never regularly employed. Many men even now are able in normal years to get regular work, and the hour's notice system enables them to leave a job that is finishing and pick up another that is likely to last; but a very large number have neither the knowledge nor enterprise to look beyond their own immediate circle, and have to be content to remain casually employed by the firms they know.

But whilst the hour's contract is of assistance to some of the men, it has, in conjunction with the accepted policy of never asking or receiving references from the men engaged, had some less beneficial results. A man is put on without any questions asked, and is judged solely by his capacity, whilst the employer is able to protect himself through his power of dismissal. The result is that the trade, and especially the easier branches, such as labouring and the simpler painting, get a continuous stream of non-*bonâ-fide* workmen. For whilst especially with the smaller firms the chances of regular work are greatly reduced, there are almost limitless opportunities of getting casual jobs, and few need despair of doing so. So the failures of all other trades, the men with no particular trade, and also soldiers and sailors, drift into the branches mentioned, and every general labourer is potentially a builder's labourer. Many of these men are gradually falling out of the ranks of regular industry, and may after a few years in the building trade sink to even more irregular employment at the docks. Similarly, that class who spend their youth moving from one boy's job to another without learning anything often find refuge among the builders' labourers, and so swell the number of the casually employed. So far we have only dealt with the better class, men who, whether legitimately in the trade or not, have at least the desire, if not the ability, to work regularly at it. The facilities not only for getting, but for leaving a job at will, attract many into the trade who have no desire to work con-

tinuously; men who wish to work to earn the money to drink with, or having earned a few shillings wish to spend it, or men who prefer spells of idleness as well as of work, and during the former live on the earnings of wife or children. The work is therefore spread more and more over a continually growing number of casual labourers, and the chances of regular work for the legitimate members of the trade grow less and less. This irregularity of work is practically chronic, and in no sense exceptional, many of the applicants never having had regular work. As a cause of unemployment this is permanent and continuous, becoming acute in good, and being at best mitigated in bad years.

The simple problem, therefore, of men normally self-supporting but temporarily unemployed—with which the Act proposes to deal by means of temporary employment—is found to be one of a congeries of problems, due to the number of the causes of unemployment, and their interaction one upon another, as, for instance, the influence of casual labour on lack of employment due to "cyclical" or "seasonal" causes. For it exists in all years and all months, not merely in a few. In bad years, and still more in slack months, we may find some men employed who will be out when things are better, though the reverse will be true in the majority of cases. The volume of unemployment will be less at one time than another, but some men will always be casually employed. Of men temporarily and exceptionally distressed there are no doubt many, though how far the Act has reached them is more doubtful, but the vast majority of the applicants are either men permanently displaced or men who have never been regularly employed. In reference to this point the following quotation from the Report of the Stepney Distress Committee (July, 1906, to June, 1907) will bear quotation:—"From these figures it is clear that relief work has not been effective in preventing a general downward tendency. In 1906 42 men could be classed as regular against 58 casual; in 1907, of the same men, 29 were regular, 71 casual. Moreover, 45 per cent. of the men relieved last year have come back again as poorly off as ever. Has relief work tended to arrest this state by tiding men over a hard time, or actually promoted it by rendering them in some way less efficient?"

The method adopted has been to give, after a strict inquiry into the industrial character of the applicant, a short period of work, not exceeding a maximum of sixteen weeks in one year. Every effort is made to enable and induce those who are thus helped to obtain work for themselves in the open market, both before and whilst

they are on relief work; and all that can be done is done to prevent the assisted workmen from losing touch with their more normal sources of employment. With every precaution, however, this provision seems little calculated to meet the cases of those who are permanently displaced, or who, without being permanently displaced, have found their work, once regular, become irregular through a permanent reduction in the demand for labour in their trade. Whilst, as a matter of fact, comparatively few skilled workers of this sort make use of the Act, no merely temporary provision of this kind is likely to be sufficient to meet what is a permanent reduction in the demand for labour. On the contrary, such temporary work may keep men in the trade casually employed on odd jobs after it has ceased to afford them prospects of a decent livelihood. The result will be, therefore, to check the natural flow of surplus labour into other trades, and to decrease the mobility of labour at the very time when it is vitally important to increase it. What is wanted is to transfer to other trades and places those for whom the trade itself has no room, and to accelerate, rather than decrease, as the Act tends to do, the speed at which this change takes place. Again, as regards those who are displaced in their own trades and try to find a livelihood in some branches of building, the Act, by offering this chance of eking out irregular employment, will only foster a tendency that should be severely repressed. The remedies for unemployment of this type would appear to lie chiefly outside the Act—in improved facilities for learning cognate trades, in improved trade statistics, enabling the change to be foreseen sooner and met more quickly, and in removing the surplus. So far as the Act will assist, it will be by labour exchanges, or in the last case, emigration, whilst the farm colony, by helping to fit surplus labour for other occupations in other countries, has its own possibilities.

"General irregularity" of work, the most widespread of the causes of unemployment, is perhaps the least suitable for the method of treatment under discussion. The work provided is at best but another casual job to this type of worker, and has in his case peculiar disadvantages. For the hope of work tends to keep men hanging about the offices of the committees, losing not only other opportunities that may offer, but also their self-reliance and their efficiency, such as it is, in finding jobs. Time and again it happens that no sooner is such a man offered work than news comes that he has obtained a job on his own account. Further, cases are known where a man after a long spell of relief work finds that he has lost the capacity for picking up casual jobs,

and whilst still remaining a casual labourer, he has become a less efficient one. Similarly the Act will not prevent boys growing up untrained and casual, but by encouraging an early dependence on relief works will tend to make them more casual and less efficient than they otherwise would have been. The man who has lost his trade is also rather encouraged than repelled, and the casual by preference has no objection to hanging about the offices, and hopes for an easier job under laxer supervision than that of a contractor. If any part of the Act is likely to assist in removing such cause of unemployment it is the labour exchanges as outlined by Mr. Beveridge in a previous number of the Journal.

We may now turn from those cases where temporary relief work is most obviously unsuitable to those where there is, at any rate, some case for the methods of the Act, and where some means of increasing the demand for labour at slack periods seems most clearly called for; that is in the case of those periodic changes which operate over a series of years, or more quickly within the limits of a single year. One method of doing this comes quite outside the scope of the Act, namely, that manipulation of public and, especially, municipal contracts, with a view to equalising demand between different periods, which is favoured by many high authorities. For instance, some boroughs already do as large an amount as possible of their municipal work in the winter; but, further, it is proposed that such of the larger public contracts as are less immediately necessary should be kept in hand till a slacker period of trade. Such a policy, if practicable, would be more easily applied to building than to almost any trade, and would have the double effect of decreasing the demand for labour at busy, and increasing it at slack periods, thus increasing the percentage of steady employment, and of those regularly, at the expense—let it be granted—of those casually employed. Secondly, there is the simple provision of additional employment, either by voluntary aid, as under the Act, or at public expense. This is where there is, *primâ facie*, a case for the method in use, and the carrying out of intrinsically useful work that would not otherwise be done, as at Fambridge and Hollesley, is admittedly the best and least dangerous method. As between the system of distress committees or the provision of work carried out under normal contract methods, every argument seems to favour the latter, given certain safeguards.

In the first place the length of time, often unavoidably, taken over a case tends to keep men hanging about the offices, and to sap their self-reliance, and also to check that mobility from one

job to another, on which the success of a building operative depends. Secondly, the applicants are seldom the most efficient of the unemployed or men temporarily unemployed owing to cyclical or seasonal fluctuations, but though in a majority of cases honest and deserving enough, too often chronic casuals and not very efficient workers. Again, the work done has proved more expensive and of inferior quality to what would have been done under contract, and in this respect the opinions of most distress committees coincide, though, considering the character of the labour and the conditions of its employment, it has often, but not always, been creditably performed.[1] Finally, relief work in this form cannot be varied to suit different trades, and is largely confined to the rougher labouring work, and there are few openings suitable to artisans, either in the building or any other trades.

To these objections work put out to contract would not be liable. It would be taken in hand when required, and men would be taken on without delay. The sharpest, most enterprising, and most efficient type of unemployed would get employment, the shirker and inefficient, even if taken on, would soon be found out and discharged. Better value would be obtained for the money, and therefore a given sum would provide a greater amount of work, and, moreover, it might be possible, especially with the building trade, to provide work more suitable to all classes, and more likely to be utilised by the artisan. Purely business principles would govern the carrying out of such contract, though it might be possible to make greater use of employment exchanges than in ordinary works, and a "local labour clause" would almost certainly be required. But no man would be given the right of demanding employment; and whilst standard wages and conditions would be observed, retention or dismissal would be a matter for the contractor alone, and laziness, incompetency, and insubordination would obtain short shrift. Under these conditions it would appear that work provided to meet periods of slackness would have the greatest hopes of success, with the further advantage that the giving of additional work to the open market might tend to check a decline or hasten a revival. Many difficulties remain, no doubt, to be overcome, but this appears in the light of recent experience to be the most hopeful method of providing work for some classes of the unemployed. For others quite different treatment and different methods seem to be needed.

[1] On more than one occasion men have complained that their fellows on relief work were a very rough crowd, and that the standard of work was so low as to be even unpleasant in cold weather. One man complained of not being allowed to work hard enough to keep warm. (Stepney Distress Committee, Report, 1906–7).

The Act, as a whole, therefore, whether in relation to trade generally, or more particularly to the building trades, may be regarded as not very successful in what it has actually accomplished, but at the same time of extraordinary suggestiveness. Judged by what it has done it has been at best a modified failure, but by what it has taught undubitably of great utility. Failure to touch some causes of unemployment, wrong methods in others, harm done in individual cases there may have been, but its cost has been small, no dangerous precedent has been created, and no new evil tendencies encouraged. For this it has enabled its administrators to realise the vast complexity of the problems before them, and the different evils requiring each a different remedy, whilst it has tended to check dangerous experiments and wild-cat schemes. It may not itself have dealt with unemployment, but it has given the knowledge necessary for beginning a sound and scientific treatment of its problem. Finally, the failure of its main plank—relief work—has thrown greater light on the possibilities of other expedients that it has forwarded, namely, that of the labour exchange, and that of migration and emigration, especially when worked hand in hand with the latter.

N. B. DEARLE

THE SWISS CHOCOLATE INDUSTRY.

AMONGST the industries of the small but industrious Swiss federation, that of chocolate has attained a position of surprising eminence in an unusually short period, and it is well worth while to devote a little space to the careful consideration of this subject. The present period, which marks a turning point in the history of this Swiss industry, is a peculiarly suitable one to choose for taking a survey of the formation, progress, and position of the chocolate industry in Switzerland.

In the third quarter of the nineteenth century this industry was still almost entirely restricted to providing its own country with cocoa products. Then in the year 1875 D. Peter discovered milk chocolate, and this afforded the impetus that made what is now one of the foremost of the Swiss industries out of one which was at that time so modest. At first, however, it only progressed very slowly. In the year 1890 the entire total of the exported cocoa products only amounted to about £85,331; of this sum about £78,469 resulted from chocolate, and about £6,862 from cocoa and chocolate paste—very moderate figures.