

Preparing the Welfare State: American Unemployment Reform in the Early Twentieth Century

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Article abstract

Efforts have recently been made to trace the origins of some of the New Deal's programmes back to the Hoover administration. Activities to combat unemployment, however, have a prehistory beginning in the last third of the nineteenth century. Realizing that modern unemployment was an environmental rather than an individual problem, progressive reformers as well as bureaucrats endeavoured to find solutions. By the time of the entry of the United States into World War I, the major measures — counting, labour exchanges, public works, and unemployment insurance — had been devised and some testing had begun. The postwar years and the early 1920s served as a period of reflection and refinement. Rising unemployment from about 1927 on and, moreover, the onset of the Great Depression, gave opportunity to examine more thoroughly the instruments developed by then. Some fine-tuning occurred, and on his accession to the presidency F. D. Roosevelt found a ready-made instrumentarium to use.

Preparing the Welfare State: American Unemployment Reform in the Early Twentieth Century

UDO SAUTTER

Résumé

Efforts have recently been made to trace the origins of some of the New Deal's programmes back to the Hoover administration. Activities to combat unemployment, however, have a prehistory beginning in the last third of the nineteenth century. Realizing that modern unemployment was an environmental rather than an individual problem, progressive reformers as well as bureaucrats endeavoured to find solutions. By the time of the entry of the United States into World War I, the major measures — counting, labour exchanges, public works, and unemployment insurance — had been devised and some testing had begun. The postwar years and the early 1920s served as a period of reflection and refinement. Rising unemployment from about 1927 on and, moreover, the onset of the Great Depression, gave opportunity to examine more thoroughly the instruments developed by then. Some fine-tuning occurred, and on his accession to the presidency F. D. Roosevelt found a ready-made instrumentarium to use.

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Des recherches ont récemment été entreprises pour faire remonter certains programmes du New Deal à l'administration du président Hoover. En fait, c'est durant le dernier tiers du XIX^e siècle que les premières mesures de lutte contre le chômage furent établies. En considérant le chômage comme un problème conjoncturel plutôt que personnel, les réformateurs et les bureaucrates purent se lancer à la recherche de solutions. Au moment de l'entrée des États-Unis dans la Première Guerre mondiale, les principales mesures telles que recensements, échanges d'emploi, travaux publics et assurance-chômage avaient déjà été trouvées et certains essais avaient été effectués. L'après-guerre et les débuts des années 1920 ont servi de période de réflexion et de perfectionnement. La hausse du chômage, à partir de 1927 et, plus encore, la crise économique de 1929, permirent d'examiner soigneusement les mesures en place à cette époque. Quelques mises au point furent faites, et lors de son élection à la présidence, Franklin Delano Roosevelt possédait déjà un instrument efficace pour sa lutte contre le chômage.

It is quite commonly held that, before the advent of the New Deal, American society, and government in particular, did not really develop any practical instruments to deal with unemployment. Certainly some attempts have lately been made, in the course of reevaluating the Hoover administration's performance, to point out that antecedents of

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various New Deal measures can be found in the early 1930s.¹ Nevertheless, these studies usually do not reach into the predepression years and, as a rule, they neglect activities on the state level. Rarely is it recognized that in fact all significant programmes implemented during the Great Depression to fight unemployment have a prehistory reaching back into the period before World War I.² Given the role unemployment played and still plays in industrialized society, however, it seems important to be aware of the roots of unemployment reform and to trace its development, as such knowledge can contribute substantially to our understanding of the growth of the modern welfare state in general.

The following considerations are presented with this task in mind. It is, of course, not possible to give in a short essay an exhaustive account of a development which spanned several decades, but some light may be thrown on several significant aspects of the issue, and its outline may be sketched. Essentially three stages can be discerned. Between the late 1870s and World War I unemployment was "discovered," to use John A. Garraty's term,³ and the major weapons to combat the evil were devised. The postwar period and the larger part of the 1920s saw a good deal of reflection on the specific qualities of these instruments and witnessed their concomitant honing. From about 1927 onwards, rising unemployment induced practical testing, some of it over time on a considerable scale.

In recent years, a number of students of the early history of the welfare state have asserted that alleviative measures were taken primarily to keep the disadvantaged in their place. With specific regard to unemployment, the most widely heard argument, stressing "the economic and political functions of relief-giving," has been made by Piven and Cloward, who have noted that governmental relief measures expanded in times of mass unemployment and contracted in spans of prosperity.⁴ While this social

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1. See, for example, Jordan A. Schwarz, *The Interregnum of Despair: Hoover, Congress, and the Depression* (Urbana, 1970), 23-44 and 142-78; Jeffrey C. Singleton, "Unemployment Relief and the Welfare State: 1930-1935," PhD diss., Boston University, 1987.
 2. The paucity of unemployment reform studies is paralleled by a general lack of historical investigations of unemployment as such, a situation which has mostly left the field, in Keyssar's words, "to ahistorical social science." Alexander Keyssar, "Unemployment before and after the Great Depression," *Social Research* 54: 2 (Summer 1987): 201. See also Irwin Yellowitz, "The Origins of Unemployment Reform in the United States," *Labor History* 9: 3 (Fall 1968): 338-60. This study is somewhat supplemented, but not superseded, by Peter Seixas, "Unemployment as a 'Problem of Industry' in Early-Twentieth-Century New York," *Social Research* 54:2 (Summer 1987): 403-30; Roy Lubove, *The Struggle for Social Security 1900-1935* (Cambridge, Mass., 1968), 144-74; Daniel Nelson, *Unemployment Insurance: The American Experience 1915-1935* (Madison, 1969). The experience in one state is described in Alexander Keyssar, *Out of Work: The First Century of Unemployment in Massachusetts* (Cambridge, 1986).
 3. See chap. 6 in John A. Garraty, *Unemployment in History: Economic Thought and Public Policy* (New York, 1978), 103-28.
 4. Frances Fox Piven and Richard A. Cloward, *Regulating the Poor: The Functions of Public Welfare* (New York, 1971), xvi. See in this context also idem, *Poor People's Movements: Why They Succeed, How They Fail* (New York, 1977). A similar argument is put forth by Henry L. Allen, "A Radical Critique of Federal Work and Manpower Programs, 1933-1974," in *Welfare in America: Controlling the Dangerous Classes*, ed. Betty Reid Mandell (Engle-

control interpretation has some superficial attractiveness to it, thorough scrutiny of the evidence suggests that a different kind of explanation yields more convincing results. Governmental concern was not just ebbing and flowing in quantitative terms. In fact, qualitative changes of a unidirectional nature took place. Governmental attitudes, on both the state and federal levels, were very different in the depression of 1921 than in the 1890s, and they had again changed enormously by the early 1930s. It is, of course, possible to argue that the involvement of senior governments – this constituted the major shift – merely meant that the latter took over the control functions that had formerly been the preserve of lower-level or private institutions, and that the effect remained the same. This view sidetracks the important fact that the primary role of unemployment reform, as seen by the commanding majority of those who advanced it, was not to secure control of the masses, but to safeguard, through the inclusion of a disadvantaged segment of industrialized society, the latter's continued functioning for the benefit of the whole.

The final, factual acknowledgment of a governmental obligation to care for the unemployed represented the recognition by the leading political forces (and this implicitly includes in our case general public opinion as well as the bureaucracy) that a modern, increasingly integrated society cannot operate according to superannuated principles. Unemployment reform largely accompanied the related quests for workmen's compensation, for legislation regarding wages, hours, or child labour, for public health programmes, and for old age provision. It shared with them the lack at the outset of a clear understanding of the precise way the measure could be pursued or its chances of success. It suffered, as others did, from the constitutional incertitude characteristic of the transition to the industrial age.

Many of the people who promoted or opposed the other reforms were also involved in the unemployment cause. This is especially true of the concerned academics, journalists, and businessmen who, from the 1890s on, engaged themselves in the search for remedies and the task of alerting the public. Before the war, the American Association for Labor Legislation (AALL), ably guided by its durable secretary John B. Andrews, grouped most of them. In the fifteen years thereafter, the association remained in the forefront of the struggle, continuously devising plans, drafting bills, lobbying legislators, testifying at hearings, and feeding information to the press.⁵ Helpful assistance in

wood, N.J., 1975), 23-38. For a critical discussion of the thesis advanced by Piven/Cloward, see the articles by John K. Alexander, Raymond A. Mohl, Muriel W. Pumphrey and Ralph E. Pumphrey, W. Andrew Achenbaum, and James Leiby in Walter I. Trattner, ed., *Social Welfare or Social Control? Some Historical Reflections on Regulating the Poor* (Knoxville, 1983). See also David A. Rochefort, "Progressive and Social Control Perspectives on Social Welfare," *Social Service Review* 55:4 (Dec. 1981): 568-92. More positive is Michael B. Katz, *Poverty and Policy in American History* (New York, 1983), 230-35. The argument by Gaston V. Rimlinger, "Welfare Policy and Economic Development: A Comparative Historical Perspective," *Journal of Economic History* 26:4 (Dec. 1966): 556-71, repeated in idem, *Welfare Policy and Industrialization in Europe, America, and Russia* (New York, 1971), 337-38, that welfare measures for workers were adopted when labour became scarcer, appears difficult to sustain with regard to the development of American unemployment policies before the New Deal.

5. The AALL's activity is summarized in Daniel Nelson, *Unemployment Insurance, 13-21*; Donald J. Murphy, "John B. Andrews, the American Association for Labor Legislation, and

these efforts came from those involved in social work who possessed first-hand knowledge of the relief scene. Bureaucrats, mostly employed in the various departments of labour and motivated by both patronage considerations and the desire to augment their department's importance, contributed to the advance of reform in their own way. Ultimate success depended, of course, to a large degree upon the willingness of individual law-makers to partake of the struggle. In the early decades of the reform movement, the cause lacked sufficient appeal to attract influential personalities. In the postwar period, though, this began to change, and the onset of the Great Depression saw interest quickly broaden in the legislatures. In Congress Senator Robert F. Wagner (D-New York) soon gained prominence as the most ardent protagonist of unemployment reform, leading a growing phalanx of like-minded Democrats and Republican insurgents through proliferating legislative battles and skirmishes.⁶

The essential step for the development of remedial instruments was the recognition that distress resulting from unemployment merited an approach different than that used for traditional poverty. The time-honoured view up to the 1870s had been that the poor were responsible for their indigence; help, if any should be given at all, had to aim at rehabilitation and was to come from private charity, on occasion to be supplemented by aid from local authorities. The advance of industrialization, though, taught reform-minded observers that, increasingly, unemployment did not originate with the afflicted individuals but with circumstances beyond their influence, and that regional integration of the economy caused the problem to transcend local boundaries. As a consequence, unemployment reformers started to postulate that it was society's, rather than the individual's, assignment to look for remedies and that, in view of the inadequacy of private and local resources, "unemployment was a social problem which required government action."⁷ The instruments for such action that were conceived before World War I aimed at counting the unemployed, directing them to jobs, providing work at public expense, or offering insurance benefits.

Before the "problem of unemployment can be solved," the federal Bureau of Labor Statistics once perceptively remarked, "it must first be stated."⁸ This assertion reflected what Robert Wiebe has called "the bureaucratic thought" of the Progressive age, which felt the urge to apply the "scientific method" of investigation in order to understand and solve the problems of society. The most ardent early advocate of the measurement of unemployment was Carrol D. Wright. As Commissioner of Labor Statistics in Massachusetts, probably the most industrialized state at the time, he conducted the first state-wide survey in 1878 in the wake of the depression. The undertaking was repeated in 1885 and again ten years later, and a few other states on occasion emulated the

Unemployment Reform, 1914-1929, in *Voluntarism, Planning, and the State*, eds. Jerold E. Brown and Patrick D. Reagan (New York, 1988), 13.

6. For Wagner's motivation and contribution, see J. Joseph Huthmacher, *Senator Robert F. Wagner and the Rise of Urban Liberalism* (New York, 1971), 58-102, 114-19, and 126-29.
7. Irwin Yellowitz, "The Origins of Unemployment Reform in the United States," *Labor History* 9:3 (Fall 1968): 353.
8. "Unemployment in New York City, N. Y.," in U.S. Bureau of Labor Statistics, *Bulletin 172* (Washington, 1915), 5.

example.⁹ After the creation of the federal Bureau of Labor Statistics in 1884 – Wright became its first chief – similar endeavours were made several times on the federal level as well.¹⁰ The census method employed in all of these efforts remained unsatisfactory, however. Not only were the results dependent upon the often quite questionable qualifications of the census takers. More importantly, cost meant that surveys of this kind remained one-time affairs and thus did not allow meaningful comparisons. Moreover, the results were usually available only months or even years after the counting date.

The problem of making comparisons could have been solved through the creation of data series. Many experts felt that the most useful of these were the figures collected at monthly or quarterly intervals by the trade unions.¹¹ The state of New York gathered such data from 1897 on and Massachusetts followed in 1908.¹² Yet these figures lacked representativeness. Union membership generally did not comprise a large number of unskilled workers, whereas many people felt that they were suffering from more-frequent or longer-lasting joblessness. Another type of series, employment data gathered from employers, could theoretically have helped to overcome this problem. A few states, such as Massachusetts, Ohio, and New Jersey, attempted to use this tool during the early period.¹³ The lack of adequate gathering apparatuses and the voluntariness of reporting, however, once again rendered the results less than gratifying.

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9. Survey efforts were made in Colorado in 1888 and in Rhode Island in 1895 and 1908. Colorado. Bureau of Labor Statistics, *First Biennial Report, 1887-1888*, 366-67; Rhode Island. Commissioner of Industrial Statistics, *10th Annual Report, 1898*, 492; idem, *22d Annual Report, 1909*, 3-14 and 18-19; Frank B. Sargent, "Statistics of Unemployment and the Work of Employment Offices," in U.S. Bureau of Labor Statistics, *Bulletin 109* (Washington, 1913), 27.
 10. Unemployment questions were asked in the federal censuses from 1880 to 1910. In addition to the individual census reports, see U.S. Bureau of the Census, *Historical Statistics of the United States, Colonial Times to 1970: Bicentennial Edition, Part I* (Washington, 1975), 122-23; Paul H. Douglas, *Real Wages in the United States 1890-1926* (Boston, 1930), 409-16; Keyssar, *Out of Work*, 348-50. Another federal survey was made in 1901: U.S. Dept. of Labor, *18th Annual Report, 1903: Cost of Living and Retail Prices of Food*, 11-17 and 42-43. See also U.S. Dept. of Commerce and Labor. Bureau of the Census, *Bulletin 57: Census of Manufactures: 1905, United States* (Washington, 1906), 23; Royal Meeker, "Some Recent Surveys of Unemployment," American Academy of Political and Social Science, *Annals* [hereafter *Annals*] 61 (Sept. 1915): 26 and 28; "Unemployment in the United States," in U.S. Bureau of Labor Statistics, *Bulletin 195* (Washington, 1916), 6-7, 93, 98-99, and 107-08.
 11. Scott Nearing, "The Extent of Unemployment in the United States," American Statistical Association, *Publications* n.s. 11:87 (Sept. 1909): 528.
 12. New York (State). Bureau of Labor Statistics, *15th Annual Report, 1897*, 11-12 and 420-30, and the corresponding tables in subsequent reports; *Massachusetts Labor Bulletin* 13:4 (May 1908): 177 and subsequent issues of the *Labor Bulletin*; Massachusetts. Bureau of Statistics, *39th Annual Report, 1908*, 182-84, 205, and 206, and subsequent reports; Keyssar, *Out of Work*, 350-51.
 13. Massachusetts. Bureau of Statistics of Labor, *Annual Statistics of Manufactures 1886/87* (Boston, 1889) and subsequent issues; idem, *24th Annual Report, 1894*, 121-25; idem, *38th Annual Report, 1907*, xiii-xiv; Massachusetts. Board to Investigate the Subject of the Unemployed, *Report* (Boston, 1895), 4: 13-23; Bryce M. Stewart, *Unemployment Benefits in the United States* (New York, 1930), 26; New Jersey. Bureau of Statistics of Labor and Industries, *17th Annual Report, 1894*, xvii and 24-69, and subsequent reports through 1918. An 1899 act gave

Attempts at assessing the size of the unemployment problem were meritorious, but the real quest had to be for true remedies. Among the curative means under discussion before World War I, governmental employment offices caught the imagination of the reformers more than any other device. Labour exchanges as such had existed for decades, run by private agents, employers, and unions as well as, in times of mass unemployment, philanthropies and municipalities. It seems that originally the idea of establishing state employment offices was prompted by the desire to curb the fraudulent behaviour of private agents, many of whom cheated helpless jobseekers out of their last means, often in connivance with foremen or padroni.¹⁴ After Ohio had opened the first state offices in 1890, however, the need to diminish unemployment pushed itself quickly into the forefront. During the depression of the mid-1890s, some states, notably Iowa, Nebraska, and California, tried variations of write-in systems in which some official agents such as the county clerks were supposed to act as clearing stations. These attempts to get exchange services at low cost all failed, but the desire to establish such facilities survived. Prodded by patronage-happy administrations and bureaus of labour which sought to increase their own importance, a whole series of state legislatures provided funds from around the turn of the century on for the creation of one or several offices in their jurisdictions. By 1916, a total of ninety-six offices operated in twenty-four states, the large majority situated in the northeast or midwest.¹⁵

None of these public employment exchanges was an unmitigated success. Even insiders admitted that most of them fulfilled their task of "organizing" the job market poorly. An important cause for this ineffectiveness was the insufficiency of the allocated moneys. Unsuitable quarters and personnel with few administrative skills and even less motivation usually attracted only a "low grade" of labour. Interoffice cooperation rarely occurred, and interstate distribution of workers remained restricted to some limited harvest help transfers. William M. Leiserson, one of the most fervent advocates of public employment offices and thoroughly knowledgeable about the subject, complained at one point that many of the officials "have either mismanaged the offices... or else they performed their duties perfunctorily and in a wholly ineffective manner." From 1907 on, the federal Department of Labor endeavoured to use its authority under the Immigration Act to enter the exchange field on its part, but its efforts were equally impeded by a lack of operating funds.¹⁶

There were other tools available to fight unemployment or its effects. The provision of public works shared with the exchange idea a closeness to traditional tenets, as both referred to the individual's capacity to earn a living through his or her own exertion.

the undertaking specific legislative sanction. New Jersey. Bureau of Industrial Statistics, *38th Annual Report*, 3.

14. The most emphatic contemporary statement of this argument is Frances A. Kellor, *Out of Work: A Study of Unemployment*. 2d ed. (New York, 1915), in particular 157-93.
15. Detail of the build-up can be found in Udo Sautter, "North American Government Labor Agencies before World War One: A Cure for Unemployment?" *Labor History* 24:3 (Summer 1983): 366-93, in particular 382-84.
16. Regarding interstate and federal employment exchange efforts, see Udo Sautter, "Unemployment and Government: American Labour Exchange before the New Deal," *Histoire sociale/Social History* 18:36 (Nov. 1985): 335-58, in particular 338-41.

Such works, on the other hand, constituted of necessity a far larger burden on the public treasuries. In addition, obvious constitutional, administrative, and technical difficulties rendered their use considerably less attractive as a remedy for joblessness. Before the war, governments therefore approached this instrument with even greater reluctance than the creation of exchanges, all the more so as even ardent reformers were divided upon its merits.¹⁷

Some exploratory steps were, nevertheless, taken. One noncommittal approach was that adopted in the depression year of 1915 by New Jersey, which allowed its municipalities to employ unskilled labourers on public projects. Whereas this measure still amounted to little more than tokenism, a real pioneer step in public works legislation was taken by Idaho, whose legislature in the same year permitted its counties to pay for relief work through a deduction from taxes levied upon them by the state. To the regret of the advocates of this measure, the Idaho judiciary subsequently declared this provision unconstitutional. The distinction of being first in granting financial assistance to the jobless thus fell to Massachusetts, which also in 1915 appropriated one hundred thousand dollars, to be expended on forest work such as moth control and fire protection.¹⁸

Even if funds were available, emergency work generally suffered from various ills such as insufficient preparation or lack of administrative apparatus and expertise. Some reformers, of whom Otto T. Mallery was the most dedicated, therefore propagated the idea of using public works in another capacity, to counteract the cyclical behaviour of the economy. The appearance of this concept coincided with the growth of general interest in the business cycle, which in 1913 manifested itself in the publication of Wesley C. Mitchell's famous work on the subject.¹⁹ Proponents argued that public works expenditures, which constituted a large part of governmental spending and at any rate were its most flexible component, should be reduced in boom times and increased in periods of depression. This planning proposal began seriously to be aired in the United States in the wake of the 1907-08 depression and received much stronger publicity during the next downturn. One state, Pennsylvania, even took the plunge with a 1917 act which created an emergency fund and obliged government departments to keep project plans ready.²⁰

Despite these efforts, the virtues of public works as a weapon in the fight against unemployment remained unclear. The value of insurance against the evil, however,

17. See Udo Sautter, "Government and Unemployment: The Use of Public Works before the New Deal," *Journal of American History* 73:1 (June 1986): 59-86, in particular 60-64.
18. 1915 New Jersey Laws, c. 43; 1915 Idaho Laws, c. 27; President's Conference on Unemployment, *Report* (Washington, 1921), 106; Massachusetts. House. Special Commission on Social Insurance, *Report* (Boston, 1917), 297.
19. Garraty, *Unemployment in History*, 143-44; Wesley Clair Mitchell, *Business Cycles and Their Causes* (Berkeley, 1913).
20. See, for example, F. Ernest Richter, "Seasonal Fluctuation in Public Works," *American Labor Legislation Review* 5:2 (June 1915): 245-64; John R. Shillady, *Planning Public Expenditures to Compensate for Decreased Private Employment during Business Depressions* (New York, 1916); William Hard, "Big Jobs for Bad Times: Get Ready Now to Fight and Conquer the Miseries of Unemployment during Our Next Great Business Depression," *Everybody's Magazine* 35:2 (August 1916): 129-41; 1917 *Pennsylvania Laws*, c. 411.

seemed still more debatable. Before the turn of the century, some trade unions had provided out-of-work benefits to their members, and in Europe a few experiments had been undertaken on the municipal level.²¹ Yet the idea of government-sponsored unemployment insurance appeared to many as an invitation to loafing and a device contrary to the "American way of life." Fears of staggering costs and of nightmarish bureaucratic difficulties added to the concern. The discussion, nevertheless, got underway in the late 1890s and received a considerable boost from the passage of the British National Insurance Act in 1911. As to the form of a future insurance scheme, opinion was divided regarding the questions of whether participation should be obligatory, who should make the contributions, what size they should be, and who would administer the funds. Despite the lack of a general consensus in these respects, however, reformers were able to float a trial bill in the Massachusetts legislature in early 1916, and similar attempts were underway in other states at this time.²² The matter even caught the attention of Congress, where Socialist representative Meyer London (New York) asked for the preparation of an unemployment insurance plan and succeeded in having the House Committee on Labor hold hearings.²³

At the eve of the entry of the United States into World War I, unemployment reform thus had reached an important stage. There existed quasi-unanimity in reform circles that involuntary idleness was a concomitant of industrialized society and that it was government which ultimately would have to be instrumental in alleviating the resulting distress. In addition, the major tools that were later used in combating the evil – namely counting, public employment offices, the conscious application of public works, and unemployment insurance – had been designed. Their merits were actively being debated, and some testing had already begun.

The virtue of these discussions and experiments was not only that they produced valuable insights. More importantly, the fact that they were undertaken at all amounted, for the first time, to a de facto recognition by governments of their responsibility. Finally, and this also constituted an essential achievement, the public had become alerted to the entire problem. In February 1914 the AALL's First National Conference on Unemployment received continent-wide publicity. Its *Practical Program for the Prevention of Unemployment in America* which, later in that year, summed up the reformist knowledge gained during the preceding decades, found over twenty-two thousand eager takers. In later years, reformers and governments were to make use of the knowledge and experience accumulated in the prewar decades. Refinement and correction would prove necessary, but no essentially new concepts would surface anymore. These were, indeed, accomplishments fitting the aspirations of the Progressive era. To apply in this context Otis L. Graham, Jr.'s general comment on the age, "the truth was out, social evil was unmasked, and the appropriate remedies [were] formulated for the next gen-

21. D[avid] P[aul] Smelser, *Unemployment and Trade Unions* (Baltimore, 1919), 130-37.

22. Massachusetts. Special Commission on Unemployment Insurance, *Report*, 107-09; Nelson, *Unemployment Insurance*, 18-21.

23. *Congressional Record*, 63 Cong., 3 sess., 20 Feb. 1915, p. 4236; House. Committee on Labor, *Commission to Study Social Insurance and Unemployment*. Hearings on H.J. Res. 159, 64 Cong., 1 sess. (6-11 April 1916).

eration that would finish the work.²⁴ For unemployment reform, the seedtime was clearly over before the nation entered World War I.

The war induced an interesting development in that it brought the creation of a federal labour exchange network, the United States Employment Service (USES). It remained, of course, to be seen whether this agency could later be converted to serve the needs of the unemployed in time of peace.²⁵ At the beginning of the postwar period, at any rate, unemployment reform thus looked promising enough. Four major remedial methods had been devised, and one of them had already seen considerable application, if for a different purpose. The question was what would become of these proposals during the next months and years, when the opportunity for implementation presented itself in the demobilization period and the expected recession.

As it turned out, demobilization went more smoothly than anticipated. Most soldiers and workers set free by the end of hostilities were more or less readily absorbed in a strong economy. When the delayed business downturn came in 1921-22, it gave rise to considerable joblessness and an attendant concern about the need for appropriate countermeasures, but eventually such action did not really become necessary. The depression was, nevertheless, sufficiently frightening to induce the Harding administration to convene the President's Conference on Unemployment in the fall of 1921. For the first time therewith, even the federal government recognized a certain responsibility for the fate of the unemployed, at least in principle. This acknowledgment seemed natural in the wake of the federally conducted war, but it was actually a confirmation of the fact, already insisted upon by the reformers in earlier years, that the unemployment problem transcended state lines and demanded a federal response.

The conference was a sufficiently outstanding event to sustain some reform momentum even into the time of prosperity. Several committees carried out investigations under Commerce Secretary Herbert Hoover's patronage. Although little more than stocktaking occurred, a fact that displeased many of the reform-minded, the thought process engendered by it none the less served to advance the cause of unemployment reform. Careful examination of the potential of the principal measures, rather than their effective implementation, was thus the contribution made during the period between the end of the war and about 1927.

With respect to counting, this meant that the insufficiency of the existing means was exposed. Survey attempts which used the census method were now considered inopportune on fiscal grounds. "An actual count upon a given date," Ethelbert Stewart, the federal commissioner of Labor Statistics, sighed at the depths of the 1921-22 depression, "is, of course, prohibitive by the reason of its cost."²⁶ This left the series type.

24. John B. Andrews, *A Practical Program for the Prevention of Unemployment in America, Submitted for Criticism and Suggestions* (New York, 1914); idem, "Introductory Note," *American Labor Legislation Review* 5:2 (June 1915): 168; Otis L. Graham, Jr., *An Encore for Reform: The Old Progressives and the New Deal* (New York, 1967), 13.

25. For the USES build-up, see Darrell Hevenor Smith, *The United States Employment Service: Its History, Activities and Organization* (Baltimore, 1923), 13-42.

26. *Congressional Record*, 67 Cong., 1 sess., p. 5037 (16 Aug. 1921).

Massachusetts, the last state to gather trade union figures, nevertheless abandoned the practice in 1922, partially because the unreliability of the data was better recognized, but more so because there existed no way of knowing the relationship between trade union data and the general picture. As a consequence, employment records henceforth remained the sole basis for conclusions regarding the amount of joblessness. New York had joined Ohio in 1915 in the collection of such figures. Illinois began gathering them in 1921, but only a handful of states followed suit.²⁷ Similar figures had, since 1915, been put together by the federal Department of Labor and published regularly in the *Monthly Labor Review*. After the depression experience, the department expanded its collection basis late in 1922, but was limited in its endeavour by a lack of funds.²⁸ When looking at this situation, the Committee on Unemployment and the Business Cycle (CUBC), one of the investigative bodies created in the wake of the President's Conference, concluded that legislation to improve data gathering was becoming necessary.²⁹ It found much support in this quest from the American Statistical Association, several of whose members had been active at the President's Conference. Over the following years, its Committee on Governmental Labor Statistics formulated recommendations and endeavoured to monitor their implementation.

Among the measures of a remedial character, employment exchanges had been held to be the most promising before the war. Unfortunately the strength of motivation that had led to the quick development of the USES in the war years did not persist once hostilities had ceased. Congressional investigations and other evidence revealed that the wartime activity of the service, while largely successful in its own right, had alienated a substantial segment of the employer side that resented the recruiting methods as well as the union connections of the USES.³⁰ It did not help the service that demobilization concluded too quickly to establish any lasting claims regarding its peacetime usefulness. As a result, federal funds were cut in 1919. Only the staunch determination of the Department of Labor and the pleadings of the AFL, which meant to maintain its influence, succeeded in preserving a rump organization in Washington. It awarded the franking privilege and disbursed small sums of money to the continuing state services, thus

27. Massachusetts and Iowa began collecting employment statistics in 1922, Maryland in 1923, California and Oklahoma in 1924, and New Jersey in 1926. Ralph G. Hurlin and William A. Berridge, eds., *Employment Statistics for the United States: A Plan for Their National Collection and a Handbook for Methods Recommended by the Committee on Governmental Labor Statistics of the American Statistical Association* (New York, 1926); Mary Van Kleeck, "Report of Committee on Governmental Labor Statistics," American Statistical Association, *Journal* 21:153 (March 1926): 87.

28. Mary Van Kleeck, "Charting the Course of Employment," in President's Conference on Unemployment and Business Cycles, *Business Cycles and Unemployment* (New York, 1923), 350; Bryce M. Stewart, *Unemployment Benefits in the United States: The Plans and Their Setting* (New York, 1930), 27; "Committee on Governmental Labor Statistics of the American Statistical Association: Report for 1924," American Statistical Association, *Journal* n.d. 20:149 (March 1925): 95; Mary Van Kleeck, "Report of the Committee on Governmental Labor Statistics," *ibid.* 22:157 (March 1927): 87 and 96.

29. *Business Cycles and Unemployment*, xxi-xxiii.

30. This is shown in more detail in Sautter, "Unemployment and Government," in particular 344-45.

tying them to the federal government, if only tenuously so. By middecade twenty-eight states ran public employment services.

However, the partial loss of funding during the demobilization period and the depression experience of 1921-22 gave occasion for thorough reflection upon the desirable form of an American employment service. Various bills submitted in 1919 led to extensive joint hearings in Congress at which not only arguments for and against the USES were aired, but which also served to stake out the political and administrative possibilities of a nation-wide structure.³¹ It became evident that any operable network would have to be based upon the federal principle rather than upon a centralist concept like the one that had guided the establishment of the wartime USES. This insight was confirmed during the President's Conference, when the conferees recommended that the state services should be expanded and that the federal government should restrict itself to coordinating the individual state systems.³² A bill incorporating this idea, introduced in the House four years later in the midst of prosperity (H.R. 12443), demonstrated that this concept had received abiding acceptance in reform circles.³³

As for public works, neither demobilization nor depression joblessness were sufficiently severe and long enough to give opportunity to test this emergency tool extensively. At the state level, the most spectacular action again occurred in Massachusetts, where in 1921 the legislature appropriated one hundred thousand dollars for work relief. Significantly, only sixty thousand dollars were ultimately expended.³⁴ A growing number of states, however, considered some use of public works if deemed necessary. Pertinent proposals, by legislative or gubernatorial committees or in the form of resolutions in the legislature, were introduced in Wisconsin, California, Illinois, New York, Louisiana, and Oregon.³⁵

31. U.S. Congress. Joint Committees on Labor, *National Employment System*, hearings on S. 688, S. 1422, and H.R. 4305, 66 Cong., 1 sess. (19 June - 25 July 1919).

32. President's Conference on Unemployment, *Report* (Washington, 1921), 19-20, 70-78, 84-87, and 163.

33. U.S. Congress. House, *A Bill to Provide for the Establishment of a National Employment System and for Cooperation with the States in the Promotion of Such System and to Regulate the Expenditure of Moneys That Shall Be Appropriated for Such Purposes*, H.R. 12443, 68 Cong., 2 sess. (28 Feb. 1925, M. E. Nolan). Nolan was the widow of J. I. Nolan, who had introduced another employment service bill (H.R. 4305) in 1919.

34. Leah Hanna Feder, *Unemployment Relief in Periods of Depression: A Study of Measures Adopted in Certain American Cities, 1857 through 1922* (New York, 1936), 321; "Labor Legislation of 1922," *American Labor Legislation Review* 12:4 (Dec. 1922): 240; Philip Klein, *The Burden of Unemployment: A Study of Unemployment Relief Measures in Fifteen American Cities, 1921-22* (New York, 1923), 57.

35. "Appointments of State Reconstruction Committees," *Monthly Labor Review* 8:3 (March 1919): 671-72; "Recommendations of California Joint Legislative Committee on Unemployment," *ibid.*, 8:4 (April 1919): 1092; Earl R. Beckner, *A History of Labor Legislation in Illinois* (Chicago, 1929), 386; New York (State). Governor Smith's Reconstruction Commission on Business Readjustment and Unemployment, *Report, April 14, 1919* (Albany, 1919), 3 and 19-21; International Labour Office, *Unemployment and Public Works* (Geneva, 1931). Studies and Reports, Series C [Employment and Unemployment], no. 15), 61; "Labor Legislation of 1919," *American Labor Legislation Review* 9:4 (Dec. 1919): 443.

More significantly, responsibility for potential federal action now became widely recognized as well, not least by the administration itself. Already, before the end of hostilities, a flurry of legislative initiatives aimed at utilizing public works with the goal, as the *New Republic* expressed it in August 1918, of ensuring “that the entire labor force of the nation can be maintained at a fairly stationary level of employment.”³⁶ After the armistice, a series of reconstruction bills, some quite elaborate, contained public works features. An outstanding example, a proposal (H.R. 15672) by Representative M. Clyde Kelly (R-Pennsylvania), went so far as to envisage a “United States Construction Service” with an appropriation of one hundred million dollars at the president’s disposal, thus in a way anticipating similar undertakings of the 1930s.³⁷ The Department of Labor pushed a more streamlined bill of its own (S. 5397) which provided one hundred million dollars to the federal government and three hundred million dollars to the states and in various ways foreshadowed the Emergency Relief and Construction Act of the Hoover administration.³⁸ At hearings in January and February of 1919, the usefulness of such measures was amply debated, but in the end the Senate Committee on Education and Labor chose not to commit itself for the time being.³⁹ Further initiatives of this kind could be observed during the following months. Palpable action came for the first time in 1921, when a highway bill (S. 1072) was passed, carrying an appropriation of seventy-five million dollars.⁴⁰ Although the amount was modest, the fact that passage occurred in the wake of the President’s Conference showed that the federal government was now prepared practically to use the emergency works instrument.

Such willingness was not yet fully evident with respect to the long-range planning concept, although the period saw development in this regard as well. The idea received renewed attention in 1921, when California followed the Pennsylvania precedent with a law of its own.⁴¹ Shortly thereafter, the President’s Conference expressed interest in

36. “Stabilizing the Demand for Labor,” *New Republic* 16 (31 Aug. 1918): 125-27.
37. U.S. Congress. House, *A Bill to Provide for the Emergency Arising out of the Demobilization of Soldiers, Sailors, and Marines, and the Discharge of Workers from War Industries and Other Occupations, by Securing therefore Permanent Opportunities for Profitable Employment by Means of a National Construction Service Organized for the Systematic Extension of Useful Public Works and the Development of Natural Resources, and for Other Purposes*. H.R. 15672, 65 Cong., 3 sess. (5 Feb. 1919, M. C. Kelly); U.S. Congress. House, *A Bill to Provide for Public Improvements, Needs, and Employment of Discharged Soldiers, Unemployed, and Other Citizens, through Issue of Legal Tender Notes*. H.R. 1473, 66 Cong., 1 sess. (21 May 1919, I. R. Sherwood); U.S. Congress. House, *A Bill Providing for Employment for Returning Soldiers and Sufferers from the Drought, by the Construction of Irrigation Projects*. H.R. 7026, 66 Cong., 1 sess. (8 July 1919, C. W. Riddick).
38. U.S. Congress. Senate, *A Bill to Provide for the Commencement or Prosecution of Public Works in Order to Provide Increased Opportunities for Employment during the Period of Demobilization and Industrial Reajustment, and for Other Purposes*. S. 5397, 65 Cong., 3 sess. (21 Jan. 1919, W. S. Kenyon).
39. U.S. Congress. Senate. Committee on Education and Labor, *Emergency Public Works Board*. Hearings on S. 5397, 65 Cong., 3 sess. (29 Jan.-7 Feb. 1919).
40. U.S. Congress. Senate, *A Bill to Amend an Act Entitled An Act to Provide That the United States Shall Aid the States in Construction of Rural Post Roads and for Other Purposes*. S. 1072, 67 Cong., 1 sess. (21 April 1921, L. C. Phipps).
41. 1917 Pennsylvania, *Laws*, c. 411; 1921 California *Stat.*, c. 246.

the concept, calling the two state laws “examples of present tendencies” and recommending study with a view to application on the federal level.⁴² Subsequently the CUBC and a parallel postconference committee on seasonality in the building trades reported favourably on the device. The latter’s recommendation was drafted under the guidance of the Department of Commerce’s Building and Housing Division.⁴³ Several bills introduced in Congress between 1921 and 1927, one of which was the object of hearings in February 1923, further testified to interest at the federal level.⁴⁴ An ongoing debate in academic and business circles during these years helped to clarify the theoretical questions involved.⁴⁵

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42. President’s Conference on Unemployment, *Report*, 97-98.
43. *Business Cycles*, xxvii-xxix, 231-61; President’s Conference on Unemployment. Committee on Seasonal Operation in the Construction Industries, *Seasonal Operation in the Construction Industries: The Facts and Remedies* (New York, 1924), 11.
44. U.S. Congress. Senate, *A Bill to Prepare for Future Cyclical Periods of Depression and Unemployment by Systems of Public Works*. S. 2749, 67 Cong., 1 sess. (19 Nov. 1921, W. S. Kenyon); U.S. Congress. House, *A Bill to Make an Investigation of the Needs of the Nation for Public Works to Be Carried on by Federal, State, and Municipal Agencies in Periods of Business Depression and Unemployment*. H.R. 14185, 67 Cong., 4 sess. (3 Feb. 1923, F. N. Zihlman); U.S. Congress. Senate, *A Bill to Make an Investigation of the Needs of the Nation for Public Works to Be Carried on by Federal, State, and Municipal Agencies in Periods of Business Depression and Unemployment*. S. 4472, 67 Cong., 4 sess. (3 Feb. 1923, J. S. Frelinghuysen); U.S. Congress. Senate, *A Bill to Make an Investigation of the Needs of the Nation for Public Works to Be Carried on by Federal, State, and Municipal Agencies in Periods of Business Depression and Unemployment*, S. 2543, 68 Cong., 1 sess. (19 Feb. 1924, R. S. Copeland); U.S. Congress. Senate, *A Resolution Relative to the Stabilization, during Periods of Business Depression, of Employment and Industry by the Construction of Public Works*. S.Res. 354, 69 Cong., 2 sess. (15 Feb. 1927, G. W. Pepper); U.S. Congress. House, Committee on Labor, *Public Works by Federal, State, and Municipal Agencies*. Hearings on H.R. 14185, 67 Cong., 4 sess. (17 Feb. 1923).
45. See, for instance, Wesley C. Mitchell, “Unemployment and Business Cycles,” *American Labor Legislation Review* 13:1 (March 1923): 20-21; Otto T. Mallery, “Unemployment and Public Works,” *ibid.*, 25-29; Bryce M. Stewart, “The Functions of Public Employment Services and Public Works,” *ibid.*, 61; “Ethical Culturists Produce Unemployment Insurance Program,” *ibid.*, 13:2 (June 1923): 157; B. Seebom Rowntree, “Some Necessary Steps toward a Solution of the Unemployment Problem,” *Political Science Quarterly* 38:2 (June 1923): 196-97; William S. Kenyon, “A Federal Public Works Policy,” *American Labor Legislation Review* 14:2 (June 1924): 155; Sam A. Lewisohn *et al.*, *Can Business Prevent Unemployment* (New York, 1925), 134-42 and 145. Before and during the depression the debate continued. See, for instance, F. G. Dickinson, “Public Construction and Cyclical Unemployment,” *Annals* 139 (Sept. 1928): suppl., i-v, and 175-209; William Trufant Foster and Wassill Catchings, *The Road to Plenty* (Boston, 1928); Vernon Arthur Mund, “Prosperity Reserves of Public Works,” *Annals* 149 (May 1930): 1-49; President’s Conference on Unemployment. Committee on Recent Economic Changes, *Planning and Control of Public Works* (New York, 1930), 159-81; Georg Bielschowsky, “Business Fluctuations and Public Works,” *Quarterly Journal of Economics* 44 (Feb. 1930): 286-319; Ralph G. Hurlin, “Use of Public Work in the Treatment of Unemployment,” National Conference of Social Work, *Proceedings 1931* (Chicago, 1931), 265-70; Paul H. Douglas and Aaron Director, *The Problem of Unemployment* (New York, 1931), 208-19; Stewart, *Unemployment Benefits*, 60.

Similar scrutiny benefited the insurance idea. In the immediate postwar period, it suffered from the adverse publicity generated by the dismal performance of the British plan which made government bailouts necessary.⁴⁶ Business opposition in the United States consequently kept the concept from making headway at the President's Conference. As one reform-minded participant put it, a hasty federal act would have been undesirable, "maladministration, waste, and abuse discredit[ing] unemployment insurance for a long time."⁴⁷ It therewith still fell to the states to serve as the experimental ground. The unsettled conditions immediately after the war did not invite serious initiatives, but by around 1921 eagerness for reform gained new momentum. Bills appeared in the legislatures of New York, Wisconsin, Pennsylvania, and again Massachusetts, and in subsequent years also in Minnesota and Connecticut.

Of these, the Wisconsin Huber bill, reintroduced in 1923, 1925, and 1927, received the most painstaking scrutiny. The debate generated by these forays elucidated the implications of such differing concepts as prevention and distress alleviation. It forced reform proponents to formulate realistic plans and instructed them regarding the arguments of the political opposition. Moreover, together with the performance of some employer and trade union insurance plans, it acquainted a broader public with the notion of the insurability of unemployment.⁴⁸

If altogether, then, no really new ideas were coming to the fore in the years before the Great Depression, remarkable development could nevertheless be observed. During the period, the proposals that had emerged in the prewar decades were more thoroughly examined for their durability and usefulness. The adverse political climate of the 1920s checked conceptual fancifulness, forcing constant reevaluation. As a result, an advanced degree of sophistication was reached. By about 1927 the seminal knowledge available before the war had thus germinated and was sprouting.

Between 1928 and 1933 unemployment reform approached maturity, as severe joblessness not only brought thought processes to a certain conclusion but also provided occasion to test the various concepts in reality. Since unemployment was clearly on the rise from 1927 onwards, reformers and politicians had a kind of early warning and could gear up their endeavours before the depression set in. After the stockmarket disaster, a variety of states moved to succour local relief agencies, with several serious efforts being made by 1931. The insufficiency of their resources, a product of political, constitutional, and administrative factors as much as of economic circumstances, apparently demanded federal initiatives. For about two years Hoover's administration strove to reconcile its guiding tenets of mitigated laissez-faire and voluntariness with its responsibility for unemployment care, already in principle acknowledged a decade earlier. The resulting tokenism could yield no satisfactory effects, however and, by early 1932, a bipartisan majority in Congress was ready to move to action.

46. Mary Barnet Gilson, *Unemployment Insurance in Great Britain: The National System and Additional Benefit Plans* (New York, 1931), 44-52 and 366-68.

47. Otto T. Mallery, "The Unemployment Conference," *Survey* 47:7 (12 Nov. 1921): 255.

48. Stewart, *Unemployment Benefits*, 13-14 and 571-80; Nelson, *Unemployment Insurance*, 50-55, 79-103, 104-18, 162-63, and 173-74.

PREPARING THE WELFARE STATE: AMERICAN UNEMPLOYMENT REFORM

In the sphere of counting, progress went as far as it technically could under prevailing conditions. The task was now clearly recognized to be a federal affair, and state initiatives became rare indeed.⁴⁹ In Congress early moves to improve counting methods were made by Senators David I. Walsh (D-Massachusetts) in 1927 (S. Res. 378) and Wagner in 1928 (S. Res. 147),⁵⁰ with the latter insisting in particular on an expansion of the employment data-collecting activities of the Bureau of Labor Statistics. This move by the New York senator and the ones that followed were prompted by the American Statistical Association, which was still wrangling with the data problem. Perhaps due to election-year considerations, Congress consequently came up with a one hundred thousand dollar increase in the bureau's appropriation.⁵¹ Wagner reintroduced his bill in 1930 (S. 3061). After it was adopted, another appropriation increase in 1931 enabled the bureau to fine-tune its data-gathering procedures.⁵² At about the same time, Wagner succeeded in having unemployment questions inserted in the 1930 census, held in April.⁵³ As results were available only after several months when they had lost actuality, the Bureau of the Census conducted a repeat unemployment census in a sample of nineteen industrial centres in January of 1931, presenting the data two months later.⁵⁴ Although the time lag had improved, the unsatisfactoriness of the unwieldy census method was now clearly exposed, and agreement grew that really usable figures had to await the advent of unemployment insurance.

In the depression-induced fight against unemployment, public employment offices again seemed to be a handy means of defence. While the various state services struggled as best they could with the emergency, reform interest quickly focused on the USES, which apparently had been kept alive for this kind of contingency. A 1928 Wagner bill (S. 4157) seeking to upgrade the service caused the Senate Committee on Education and Labor, now chaired by Republican progressive Hiram W. Johnson (R-California), to declare that "the burden of assisting the unemployed to find work should be borne by organized society through the maintenance of efficient public employment agen-

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49. For the two most important state efforts, see New Jersey. Emergency Relief Administration, *Unemployment and Relief Conditions in New Jersey: An Interim Report* (n.p., 1932), 23; Frederick E. Croxton, "An Analysis of the Buffalo, N.Y., Unemployment Surveys, 1929 to 1932," *Monthly Labor Review*. 36:2 (Feb. 1933): 283-94.
 50. U.S. Congress. Senate, *Resolution for an Investigation into the Economic Conditions of the Agricultural and Cotton Producing Industries and the Extent of Unemployment*. S. Res. 378, 69 Cong., 2 sess. (28 Feb. 1927, D. I. Walsh); U.S. Congress. Senate, *A Resolution to Investigate the Extent of Unemployment in the United States and Methods Collecting Statistics Thereof*. S. Res. 147, 70 Cong., 1 sess. (15 Feb. 1928, R. F. Wagner).
 51. U.S. Department of Labor, *16th Annual Report, 1928*, 127.
 52. U.S. Congress. Senate, *A Bill to Amend Section 4 of the Act Entitled 'An Act to Create a Department of Labor,' Approved March 4, 1913*. S. 3061, 71 Cong., 2 sess. (9 Jan. 1930, R. F. Wagner); 46 Stat. 873 (1930); "Better Employment Statistics," *American Labor Legislation Review* 21: 1 (March 1931): 112.
 53. *Congressional Record*, 70 Cong., 2 sess., 16 Jan. 1929, p. 1755; U.S. Congress. Senate, *Census and Reapportionment*, S. Rept. 2, 71 Cong., 1 sess. (23 April 1929; to accompany S. 312), 1.
 54. "Unemployment in the United States, 1930 and 1931," *Monthly Labor Review* 32:4 (April 1931): 809-13.

cies.”⁵⁵ Wagner reintroduced his bill in January of 1930 (S. 3060)⁵⁶ and, despite strong employer opposition, it had passed both chambers by the end of February 1931. Hoover vetoed it, however. Irving Bernstein suggests that financial considerations may have guided the president, but this is improbable in view of the fact that Hoover immediately persuaded Congress to vote an emergency appropriation of five hundred thousand dollars for a USES expansion directed by the Department of Labor.⁵⁷ It seems rather that the administration disliked the uncontrollable federal structure envisaged by Wagner’s bill and intended to keep things in hand. The hasty build-up of the USES that followed did not, however, serve this purpose well. Incompetent officials and inefficient performance discredited the reorganized body to such a degree that, by early 1933, there was general agreement that only a federally structured service, as advocated by many reformers since the postwar period, was a viable proposition.⁵⁸

Next to an employment service, public works had to be regarded as the most effectual weapon to combat unemployment. As long-range planning could not produce quick results, little activity occurred in this respect in the states during the early depression years. Somewhat surprisingly, though, Wagner’s proposal to get a stabilization law passed on the federal level, first introduced in 1928 (S. 4307) and repeated in 1930 (S. 3059), found favourable reception by the business community as well as by the administration and was enacted in February of 1931.⁵⁹ It was obviously the noncom-

55. U.S. Congress. Senate, *A Bill to Provide for the Establishment of a National Employment System and for Cooperation with the States in the Promotion of Such System and to Regulate the Expenditure of Moneys That Shall Be Appropriated for Such Purposes*. S. 4157, 70 Cong., 1 sess. (20 April 1928, R. F. Wagner); U.S. Congress. Senate. Committee on Education and Labor, *Causes of Unemployment*, S. Rept. 2072 (pursuant to S. Res. 219), 70 Cong., 2 sess. (25 Feb. 1929), x.

56. U.S. Congress. Senate, *A Bill to Provide for the Establishment of a National Employment System and for Cooperation with the States in the Promotion of Such System, and for Other Purposes*, S. 3060, 71 Cong., 2 sess. (9 Jan. 1930, R. F. Wagner).

57. Irving Bernstein, *A History of the American Worker 1920-1933: The Lean Years* (Boston, 1960), 284; William Starr Myers, ed., *The State Papers and Other Public Writings of Herbert Hoover*, 2 vols. (New York, 1934), 1: 532-33. The Deficiency Appropriation Act for 1931 (45 Stat. 522 [1931], p. 1575) provided that, if S. 3060 was passed by Congress but did not become law, an appropriation of five hundred thousand dollars for the employment service would be immediately available.

58. See, for example, George H. Trafton, “The Doak ‘Reorganization’ Fails,” *American Labor Legislation Review* 21:3 (Sept. 1931): 297-99; “State Employment Service Officials Condemn Doak ‘Reorganization,’” *ibid.*, 21:4 (Dec. 1931), 393; Ruth M. Kellogg, *The United States Employment Service* (Chicago, 1933), 105-86.

59. U.S. Congress. Senate, *A Bill to Provide for the Emergency Construction of Certain Public Works for the Relief of Unemployment during Periods of Business Depression*. S. 4307, 70 Cong., 1 sess. (1 May 1928, R. F. Wagner). This bill was a follow-up to U.S. Congress. Senate, *A Bill to Create a Prosperity Reserve and to Stabilize Industry and Employment by the Expansion of Public Works during Periods of Unemployment and Industrial Depression*, S. 2475, 70 Cong., 1 sess. (11 Jan. 1928, W. L. Jones). Wagner’s repeat bill was introduced as U.S. Congress. Senate, *A Bill to Provide for the Advance Planning and Regulated Construction of Certain Public Works, for the Stabilization of Industry, and for the Prevention of Unemployment during Periods of Business Depression*, S. 3059, 71 Cong., 2 sess. (9 Jan. 1930, R. F. Wagner); U.S. Congress. Senate. Committee on Commerce, *Unemployment in*

mittal nature of the bill which rendered its adoption possible. Perhaps not unexpectedly, technical obstacles kept the Federal Employment Stabilization Board, created by the act, from having a noteworthy impact. The board consequently found its demise in the early New Deal days.⁶⁰

There is no need here to dwell in any detail upon the efforts of the state and federal governments between 1930 and 1932 to implement emergency public works.⁶¹ Experience soon showed that half-hearted stopgap measures, such as allowing local authorities to increase their debt loads or the expeditious spending of already allocated road-building funds, did not change the general distress situation quickly. As a consequence, some states began from 1931 onwards to organize specific work relief, or even plain relief, programmes. Of the nine states that departed on this path before mid-1932, New York through its Temporary Emergency Relief Act, passed in September 1931, created the most elaborate scheme.⁶² Even this comparatively well-endowed programme quickly proved insufficient.

The federal administration, intent upon preserving traditional values, meaning the self-reliance of the individual and a balanced budget, for years withstood all demands for direct relief action. Some minor increases in the federal construction volume were all, besides cheerful exhortations, that Hoover's government came up with until early in 1932. It was only then that the very neediness of the country, expressing itself through mounting public pressure in an election year, persuaded the administration to go farther. A Senate resolution passed on 7 March 1932 (S.J. Res. 110) allowed the distribution of forty million bushels of surplus wheat through the Red Cross, the first federal measure ever to grant direct unemployment aid.⁶³ Whereas this handout still smacked of almsgiving, four months later the federal government, with the passage of the Emergency Relief and Construction Act,⁶⁴ officially committed itself to palpable and effective action. Although its appropriation appears low in comparison to later measures, this act set a clear precedent for the subsequent New Deal programmes of larger dimensions.

the United States. Hearings on S. 3059, S. 3060, and S. 3061, 71 Cong., 2 sess. (18 March-1 April 1930), 108; 46 Stat. 117 (1931).

60. U.S. Dept of Commerce, *21st Annual Report: 1933*, 191-92.

61. For a brief survey of the principal measures, see Sautter, "Government and Unemployment," 77-81.

62. The early work of the TERA is best described in Alexander Leopold Radomski, *Work Relief in New York State, 1931-1935* (Morningside Heights, 1947), 71-102.

63. U.S. Congress. Senate, *A Joint Resolution Authorizing the Distribution of Government-owned Wheat to the American National Red Cross and Other Organizations for Relief of Distress*, S.J. Res. 110, 72 Cong., 1 sess. (24 Feb. 1932, P. Norbeck); U.S. Congress. House. Committee on Agriculture, *Distribution of Government-owned Wheat for Relief Purposes*. H. Rept. 657, 72 Cong., 1 sess. (to accompany S.J. Res. 110, 1 March 1932). The measure was adopted in the House on 3 March 1932 with a vote of 345:2, and after concurrence of the Senate it was signed by the president on 7 March 1932.

64. 47 Stat. 520 (1932). For accounts of the events leading up to passage, see Bernstein, *Lean Years*, 457-69; Schwarz, *Interregnum*, 161-72; Sautter, "Government and Unemployment," 82-83.

There even came considerable progress with regard to unemployment insurance. Despite the long-range character of the programme, its development profited from the incentives provided by the depression. In January of 1932, the Wisconsin legislature adopted the first act providing for government-sponsored unemployment insurance in North America;⁶⁵ moreover, the Wisconsin emphasis on prevention stirred up the debate about the virtue of this approach as opposed to distress alleviation, which appeared to be popular elsewhere, most notably in Ohio. Legislative initiatives in at least ten other states⁶⁶ further nurtured the discussion. As a result of these debates, it became clear that, ultimately, national rather than independent state legislation was needed. A congressional committee, established at Wagner's request, held hearings in the fall of 1931, and in June 1932 it came out with a report favouring federally sponsored state plans.⁶⁷

When Hoover relinquished power in March of 1933, unemployment reform thus had come a long way. The principle of federal responsibility had been established not only in theory, but through palpable precedent. The major instruments to deal with unemployment had been sorted out. One of them, long-range planning of public works, had been discarded as impractical. With regard to counting, labour exchanges, and emergency works, the options had been reviewed and essential experiments had been made. Unemployment insurance debate had reached the stage of maturity. Roosevelt's administration clearly did not start from scratch. The New Deal could and did base its unemployment measures upon ideas conceived before World War I and refined in subsequent years. It was the wealth of theoretical reflection undertaken and of experience gathered in these decades, as well as the precedents then established, which rendered the New Deal's extensive programmes possible.

65. 1931-32 Ex. Wisconsin *Laws*, c. 20; Nelson, *Unemployment Insurance*, 126-28 and 181-85.

66. Industrial Relations Counselors, Inc. of New York, *An Historical Basis for Unemployment Insurance: A Report Prepared for the Employment Stabilization Research Institute, University of Minnesota* (Minneapolis, 1934), 72-73.

67. "Report of Senate Committee on Unemployment Insurance," *Monthly Labor Review* 35:2 (Aug. 1932), 268-73.