

ORGANIZING LABOUR MARKETS

The British Experience

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A. . . the British workman . . . hates being docketed or dragooned and he will not be drilled. He is not exactly dragooned when he comes to an institution of which he elects the committee and of which he is a member and which is a purely democratic institution; but he is dragooned the moment he goes to an Exchange which is a purely autocratic and bureaucratic institution.

Q. I did not think there was so much Prussianism in this country. Do you really object to the organisation of the supply and demand of labour in the wool textile trade?

A. No, of course not. We wish to do it to the last halfpenny but we want to do it for ourselves; we object to anybody doing it for us.

(Wool and Worsted Federation spokesman: Committee of Enquiry into the Work of the Employment Exchanges, 1919)

The emergence of labour market placement agencies of various types characterized urbanization and industrialization in much of late nineteenth-century Europe. The spread of such institutions offers an impression of uniformity and invites universal explanations for their appearance of a vaguely functional type: the need to facilitate links between employers seeking workers and those seeking jobs, the desire to improve the functioning of local economies and so forth. While such explanations are not without foundation, they tend to ignore the principles underpinning these initiatives, where more diversity can be observed: how labour markets should be organized, according to what criteria and with what objec-

tives. For the creation of a functioning labour market rested on political assumptions concerning the principles of its operation. What factors should determine the selection of applicants? Who should undertake the selection?

The answers to such questions were not straightforward, stimulating a range of responses; rival agencies responded to particular visions of how labour markets should operate. The role played by public authorities in creating their own agencies might seek to take control of the organization of the whole local labour market or to adopt a residual role designed solely to help those harder to place; official agencies might operate in opposition to or in collaboration with other institutions. The varied acceptability of public interventions in this area reflected wider assumptions concerning the operation of a modern industrial economy: the principles on which it functioned and the role government should play in sustaining performance. Such principles shaped debates around proper forms of social ordering – and the identification of these principles form the main object of this chapter. In this, the main objective is to expose how the British experience differed from that found in some major cities in Central and Northern Europe where official intervention generally proved more acceptable and the advent of labour exchange systems could initiate the creation of a modern labour market.

It would, of course, be wrong to assume that, prior to official intervention, no agencies operated in the labour recruitment process. On the contrary, many major European cities boasted commercial exchanges where, in return for a fee, a worker could be supplied with a list of vacancies. Preventing the commercial exploitation of the vulnerable motivated some official interventions in the first place. Equally, the transition from guild to trade union organizations that sought to protect the trade and its hierarchies did not disappear in the course of the nineteenth century. On the contrary, the conventions derived from such earlier practices informed the rulebooks of skilled labour unions operating in industrial sectors (notably in Britain, but also in Germany). As I have argued elsewhere,¹ union control over recruitment and placement, in tandem with union benefit systems, offered incentives to join and sustain membership, gave union hierarchies the means to discipline members while forcing employers, through elevated wage structures, to pay the costs of supporting men (and the organized skilled sector was overwhelmingly male) who refused work that did not comply with union rulebooks. In Britain, under such circumstances, distinctions between unemployment and putative strike action were virtually indistinguishable. Union branches placed ‘legal’ men (union members) in ‘legal’ shops (where union terms and conditions were observed), while offering support to members unable

to find a vacancy that complied with these terms – and, in the U.K. at least, fining members who took jobs where the union was not recognized. Seen from this angle, then, we can understand how official interventions in what could be controversial circumstances might be viewed less as a blessing to the working man than as a threat to his livelihood and that of his colleagues.

This is not to argue either that official interventions were designed to break union controls, or that (thanks to union placement schemes) there was no need to supplement union placement activities. This was far from the case. In both Britain and Germany efforts were made to negotiate compromise – not least to prevent official placement agencies being used by employers to break strikes. Trade union provision of social protection was officially well regarded,² but its association with industrial dispute was not. Major employers in heavy industry in the Ruhr or on the Clyde looked askance at any measure designed to promote union membership by the extension of state subsidies to union funds.³ Led by Strasbourg, some fifteen German cities had adopted the Ghent system by 1914 (so named after the town that initiated the policy in 1901) of offering municipal subsidies to union benefit funds. Frankfurt also created a contributory municipal fund for non-unionists seeking protection, but this fund did not become active before 1914.⁴ Local subvention of voluntary unemployment insurance was more widespread in Belgium and the Netherlands but unknown in Britain. Its adoption on the Continent reflects official aims to recalibrate trade union systems of classification, to distinguish those unemployed due to circumstances beyond their control from those directly or indirectly involved in industrial dispute. In Britain at least, debates on a national scheme for the unemployed addressed this problem more directly, provoking dissent within the union movement and opposition to state intervention as a result.⁵

By way of introduction to this chapter I will start by outlining some pertinent key differences between British municipalities and their Continental counterparts. First we can consider the labour market itself. The advent of social insurance in the 1880s enabled the boundaries of the labour market to become defined in Germany in a manner that was not the case in Britain before 1913. The loss of employment in German cities translated into the loss of social benefit rights (threatening pensions as well as sickness benefits), of direct concern to municipalities charged with local poor law administration. In Britain, prevailing liberal ethics, reinforced by a highly punitive poor law, dictated that individuals should be responsible for their own well-being. Begging, drunkenness and homelessness were punishable by the local magistracy in Germany (commonly

through institutional treatment), but not in Britain – where such behaviour only attracted official attention if a felony was committed or public support requested under the poor laws. The result in Britain's major cities was a highly porous labour market that made it very difficult for official labour exchanges, introduced from 1909, to distinguish the 'real' unemployed from the massed pauper host who swamped inner city areas, all ostensibly desperate for work.

The second major difference can be observed in the degree of central control over local powers. Contrary to what we might expect for a nation steeped in the ethics of political liberalism, British municipalities enjoyed far less autonomy than their Continental counterparts. Thanks to the relatively recent foundation of the *Kaiserreich*, the Imperial government in Berlin had little desire to provoke local opposition by encroaching on long-established municipal hegemony. Most municipalities in Northern Europe retained far greater and more far-reaching powers than in the U.K., where Parliamentary legislation was required to extend the functions of local government. The non-interventionist British state of the nineteenth century is somewhat belied by the enormous number of local bills and acts that litter the statute book during the Victorian age, empowering city authorities of varied political complexions to raise a local rate (tax) to fund waterworks, highway maintenance, a wide range of sanitation arrangements or municipal ownership of power supply. That said, the main area absent from such local empowerment was the labour market. With the exception of the poor law and the introduction of distress committees to provide local public works for the unemployed in 1905 (discussed below), local authorities had little to do with labour market organization, except to provide basic education to ensure numeracy and literacy. Again in contrast to Germany where such education was compulsory, technical education was confined to tertiary colleges where attendance was voluntary.

The assumptions underpinning British liberal traditions (that labour arrangements should be the subject of voluntary agreement, not legislative intervention) illustrate the different governing philosophies that framed the operation of labour exchanges from their very inception. German municipalities were charged with basic responsibilities for safeguarding technical standards and the establishment of social order. Laws governing conditions of employment were enforced by an inspectorate closely associated with agencies that placed labour, fostering the growth of a technically highly informed bureaucracy capable of coordinating labour market operations across the board. In the U.K., by contrast, faith in the merits of *laissez-faire* economics and individual freedom as twin sources of innovation and prosperity undermined the development of a

coordinated approach. Health and safety legislation was enforced by a central inspectorate under the Home Office that had nothing to do with municipal government, and, outside the Labour Department of the Board of Trade, little technical expertise was found inside central government before the First World War. This piecemeal approach undermined further any coordinated analysis of labour market operations.



Such different bureaucratic structures indicate why local perceptions of the remit within which labour exchanges were to operate differed. In German municipalities, official labour bureaux commonly aimed to secure the total coordination of labour markets (albeit under varied political guises). To achieve this, they might incorporate trade unions into their own systems of placement (as in Strasbourg) or supplement (rather than replace) existing schemes (as in Frankfurt) – or seek to attract job seekers away from the facilities run by the Social Democratic Party (*Sozialdemokratische Partei Deutschlands*, SPD) (as in Berlin). Within a post-Bismarckean agenda of accommodating (as opposed to legally repressing) the SPD and the ‘free’ unions, labour exchanges were employed in a variety of ways to promote new strategies. Where the local franchise enabled the SPD to gain a presence on the municipal council, placement policies accommodated union demands. Elsewhere (as in Leipzig) official labour market policies could be more repressive. Local politics mattered. In the *Kaiserreich*, unlike in Britain, the strong traditions of municipal independence, coupled with the disinclination of the Imperial government to become embroiled in the unemployment issue, allowed local authorities to develop initiatives in accordance with local circumstance: political as well as economic.

In Britain, by contrast, policy was less concerned with the more immediate impact of industrialization and the consequences for labour market order than with issues of poverty, growing pauperism (reliance of the destitute on public funds) and the threat social degeneration posed in terms of national economic decline which might, ultimately, spell the end of Empire. In this context, the organization of the labour market emerged as a national rather than a local problem. Normative policy solutions were developed centrally and were imposed top-down rather than locally deliberated. Within the Board of Trade, the state department primarily charged with the promotion of British industry and commerce and, thereby, with labour market issues, social statisticians analysed national dimensions of unemployment, substandard wages, industrial unrest and so forth. Results for both the U.K. and some overseas enquiries were published in the *Labour Gazette* which was distributed in Europe and throughout the Empire. Such identification of the national dimensions of the ‘social question’ provided the foundations for legislative action.

Like its German counterpart, British unemployment presented a strong economic identity. However, this was a national response to what was perceived as a national crisis, involving more normative definitions of the problem and how it should be cured. Attention focused on the relationship between chronic poverty, physical incapacity and irregular (or casual) employment as causes of pauperism which burdened the communities where such problems occurred. In this context, labour exchanges were introduced less to facilitate proper technical standards in the placement process than to sort the sheep (who would work regularly) from the goats (who could or would not) – a form of social ordering focused in part on moral judgement of personal character and less on technical qualifications and aptitudes, as will be argued below.

The following section will outline the general debate on labour market reform in Britain that took place in the early twentieth century, within which the promotion of a national system of labour exchanges has to be located. The third section uses a case study to illustrate how these new agencies operated, the principles they embodied and the strategies they pursued. The final section draws some conclusions. Throughout, emphasis is placed on the politics of labour market organization and the ways in which this shaped the nature of classification and treatment of those seeking work. For, unlike Continental schemes that successfully integrated official schemes of labour market placement into local economies, in Britain labour exchanges remained marginal to shaping access to employment opportunities.

Organizing Labour Markets: The National Agenda in Britain

In Britain, the late nineteenth century witnessed growing national concern over the state of urban labour markets: in a reversal of liberal tradition, this eventually created a national unemployment policy. Official and unofficial investigations had revealed how poverty damaged industrial efficiency and threatened economic (and imperial) decline. Pauperism was a drain on the resources of inner cities where poor law authorities were increasingly forced to rely on loans from the national Exchequer rather than raise local taxation. Such practices excited official concern and informed discussion of social reform.⁶ The situation appeared almost perverse. Statistics showed that wages were rising in the late nineteenth century, yet social unrest in major conurbations during economic recessions indicated an apparent failure by the poor to save and the damage done by intermittent, casual ('precarious') employment in major commercial centres.⁷

Initial attempts to address the inner city problem focused on the extension of publically subsidized voluntary initiatives. In 1885, the Local Government Board issued a circular to municipal authorities, urging them to raise voluntary funds for public works, to provide work for those with none in a period of extreme economic severity. This appeal, reissued sporadically in ensuing years, had somewhat patchy results. It was reinforced in 1905 by legislation that now required local authorities to create labour registries, or exchanges, to identify bona fide job seekers and to separate the 'genuine' unemployed from the rest of the pauper host in order to offer them work on municipal projects. At the same time, the government initiated a major enquiry into the problems of poor relief: the Royal Commission on the Poor Laws sat for over four years, taking evidence from all concerned with issues of poverty, poor relief, labour market problems and so on. In the evidence presented, the germ of a reform agenda began to take root.

Moral imperatives about rising rates of pauperism allied to fears for Britain's economic future: workers had to be taught to manage their lives: to work regularly, to invest in skills and to save against the risk of job loss, illness and declining earning power in old age. This agenda and the political strategies it promoted identified the unemployed as that part of the pauper host capable of self-protection, whose work habits and skills were essential to future prosperity. Attention focused on the relationship between chronic poverty, physical incapacity and irregular employment as fundamental causes of rising rates of social dependency. Social scientific investigations offered impartial evidence on the dimension of the issue and professional expertise would prescribe the cure. The supply and demand of labour had to be rationalized in accordance with a definition of the prescribed working week. Municipal or charitable help sustained, even rewarded, irregular working habits, reformers argued: this countermanded the programme of decasualization on which the government should embark. 'The line between independence and dependence, between the efficient and the unemployable, must be made clearer' the young William Beveridge wrote in 1907. 'Every place in 'free' industry, carrying with it the rights of citizenship – civil liberty, fatherhood, conduct of one's own life and government of a family – should be a 'whole' place involving full employment and earnings up to a definite minimum.'²⁸

Underemployment bred unemployability: if treated like a pauper, the unemployed regular man would eventually end up as another casual labourer, incapable of holding down a permanent job, blurring distinctions between the active worker and the habitual pauper. To break this cycle, reformers argued, required the regular man's protection; his

treatment must distinguish him from the pauper, the casual, the vagrant, the drunkard and the petty criminal: the sources of the British dimension of the 'social question'. The solution lay in the introduction of a national labour exchange complex, which would remove the inefficient, the idle, the vagrant and habitually irregular, and concentrate work in the hands of the most efficient, containing the spread of pauperism while improving economic performance. Far from seeking to destroy the problem of unemployment, therefore, policy appears to have been designed to create it.⁹

This logic underpinned the well known reform programme introduced by Liberal governments in Britain: specifically, the Labour Exchanges Act (1908), the National Insurance Act (1911) and the introduction of old age pensions (1908). Unlike their municipal counterparts in Continental Europe, labour exchanges in Britain were introduced as a national network, designed to promote total labour mobility between as well as within different professions and towns. New information technologies (the telephone) facilitated the immediate exchange of information about vacancies and applicants; state officials would send the most efficient to where their services were required. Networks of official surveillance would allow the easy identification of applicants of good character, skill and sound working habits, in whose capable hands all available work should be concentrated, facilitating the elimination of the less efficient and promoting industrial prosperity while guaranteeing good service to employers seeking workers.¹⁰

Contributory National Insurance (1911) reinforced this strategy. It was in the employer's interest to avoid hiring day labourers: each required a weekly contribution for health insurance purposes, a payment that was doubled if the worker was also a member of the unemployment scheme.¹¹ Access to unemployment benefit, based on actuarial calculation, would separate the regular contributor from the rest (the 'morality of mathematics', according to the young Winston Churchill). A stipulated annual number of contributions and benefits limited to fifteen weeks maximum each year identified unemployed claimants as those temporarily jobless who were previously in regular employment. Long-term unemployment was not officially recognized: once benefit rights were exhausted, the claimant left the scheme and re-entered the pauper class. From the small print found in the legislation, the British unemployed emerge: a select group of regularly employed men whose services were temporarily surplus to immediate requirements, in a scheme initially confined to trades known to suffer from seasonal fluctuations in demand.

Impressive as the reforming initiative seems, it was **rooted** in unpromising soil. First, this programme represented a sharp break with earlier



government attitudes about official intervention in industrial employment – that this was best left to voluntary mediation and regulation by employers and employed.¹² Opposition to new initiatives was visible from the start. Lloyd George, Winston Churchill, William Beveridge, Llewellyn Smith, the Webbs and their friends, partly influenced by Continental examples, might have been converted to the merits of various forms of state intervention in employment – but others in the political establishment remained less enthusiastic. Within Whitehall, even within the Board of Trade itself, many senior administrators remained convinced that industry should continue to govern its own affairs. And the principles of *laissez faire* remained firmly embedded within both major political parties. Even members of the Liberal Cabinet found the prospect of national insurance and labour exchanges distasteful. ‘The new helotry of the servile state run by archivists of the London School of Economics’ John Burns (President of the Local Government Board) wrote to a friend, referring to the new labour reforms, ‘means a race of paupers in a grovelling community ruled by uniformed prigs’.¹³ Burns’s opinion was hardly unique. Even so, his views (as an ex-trade unionist) illustrate the opposition to a reform agenda that threatened to remove labour market organization from the hands of industry, to vest authority in the hands of professional social scientists backed by the state.

Second, we should note the reformers’ main focus was less on labour market operations *per se* than on the question of pauperism: on the burdens imposed by a malfunctioning system of employment on local ratepayers. The object of official labour exchanges was less to organize the whole labour market than to identify its margins: to reject those incapable of regular work in order to secure both better workmanship and a decent standard of life for the rest, thereby containing the spread of destitution. In terms of practical knowledge, however, neither municipal nor central government could point to much experience. On the other hand, poor law guardians could point to a great deal, for the poor law authorities had been sole arbitrators of access to public help for the destitute for generations. In consequence, we find them extensively represented on local committees that had, following the Local Government Board circular of 1885, tried to select ‘deserving’ cases for public works in periods of hardship. As administrators of a relief system that assumed the guilt of the applicant by virtue of his application, poor law guardians brought to the table a long history of classifying categories of pauper in terms of personal inadequacies and failings – and this infected the operation of early municipal labour exchanges as the following case study shows.

Organizing Labour Markets: The Case of Birmingham

Birmingham is above all else a business city, run by business men on business principles.

(A. Briggs, *History of Birmingham*)

In the course of the nineteenth century Birmingham expanded from 102,000 (1821) to over 300,000 (1861), to reach half a million by 1900, acquiring a further 320,000 in 1911, on the formal extension of the city boundary.¹⁴ By 1914 this was Britain's second largest city, its economy originating in the manufacture of small metal wares (from bathroom accessories to jewellery, small arms, saucepans, screws and nails) in multiple small quasi-artisanal workshops. The mark 'Made in Birmingham' was globally famous, making the city a major trading centre, with active interests in imperial affairs. By the late nineteenth century, the foundation of Austin automobiles signalled the first large factories and a supply chain focused on the mass production of standardized components. New production systems (based on imported American machine tools) employed not tens but thousands, divided masters from men and further marginalized the outworkers and casual employees who had long absorbed fluctuating labour demand. By 1914, small workshops, although still numerous, no longer dominated Birmingham's industrial structure: Austin, Dunlop and Cadbury were becoming increasingly prominent.

The small workshop legacy founded traditions of production flexibility and social mobility; skilled journeymen became small masters, retaining membership of unions that recruited masters and men alike and offered trade benefits (for sick or unemployed members) rather than organizing industrial action. The arrival of compulsory social insurance in 1911 caused not a ripple of dissent in Birmingham (unlike the furore it provoked on the Clyde) as the reform represented little more than a consolidation of established voluntary practice. Equally, trade societies (over eighty by 1914)¹⁵ alleviated trade depressions by sharing work and fixing prices. Reputation and profit here were founded not on unbridled market competition but on the consolidation of – and cooperation between – similar manufacturing ventures. In Birmingham's politics, both sides of industry united successfully in the 1870s to overthrow Conservative landed interests. A Liberal Caucus, in power from that decade until 1914, embodied a politics of religious dissent (a Quaker heritage standing in opposition to Anglican hierarchies) that promoted the mutual obligation of employer and employed as the foundation of collective prosperity and social harmony.

The city council (aptly called the Corporation) was controlled by men who adapted business methods to public service. The object of both voluntary institution and local authority was the same: an alliance between dissenting churches and local council representatives to promote philanthropy and achieve the domestic mission of prevention (of disease, ignorance, crime, social disaffection) and reclamation of the downfallen. Here, the city council was central. 'All private effort, all individual philanthropy', the Liberal Mayor of Birmingham said in 1875, 'sinks into insignificance compared with the organized power of a great representative assembly such as this.'¹⁶ The benefits of prosperity would reach all orders of society; the civic mission was to offer opportunities to enable the community to develop the talents of all its members. This was a clarion call to business to take up its social responsibilities as part of a moral duty to the community on which its wealth depended.

Birmingham earned itself the sobriquet of 'the best governed city in the world':¹⁷ Its MPs pioneered the cause of national education and its Corporation redeveloped the city centre (to attract customers for Birmingham's wares), created one of the first civic universities and spread the advantages of gas (later electric) lighting and public transport throughout the city and into surrounding urban areas. Achievement was grounded on municipal trading. The Corporation was the majority shareholder in the urban gas company and used profits from this venture to fund the city art gallery, a large public library as well as the urban improvement project, a majority shareholding in the local electricity company and a major investment in water supply. Selling gas and, later, electricity to neighbouring local authorities who had not the means to manufacture their own allowed cross-subsidy to protect the rates (local taxes) while improving Birmingham's amenities and cultural facilities to promote the city as a desirable place to do business.

Creative as these initiatives proved, the labour market remained strictly off-limits for the Corporation. Birmingham could boast a world class patent library, but it also had some of the worst slum housing whose inhabitants, casual and unskilled workers, were among the poorest in the U.K. The politics of dissent favoured offering opportunities for all, but drew a line at stepping outside commercial practice to usurp what it saw as the proper province of charitable endeavour. Voluntary action for deserving cases would help the unemployed. Employers claimed that labour management was their private business; trade unions repudiated any intervention that interfered with their control over access to key skills and jobs. The Liberal Caucus relied on electoral support from both. More fundamentally, for dissenters personal responsibility remained a moral duty: public authority could offer opportunities to secure advancement,

but the individual had to be capable of taking them, of achieving salvation through personal effort. Those seeking public help were thereby doubly condemned as commercially inept and morally corrupt. Birmingham's poor law authorities remained among the strictest in the country.

This moral environment underpinned Birmingham's response to the national labour market reforms described in the previous section. As a business-based city, the City Corporation tended to agree with local poor law authorities, arguing that it was not in the interest of the city or its ratepayers to offer public works to the unemployed. Workers from the pauper classes represented poor value for money: their labour was substandard and they were simply not reliable enough to turn up when required. Until 1905, when legislation forced a change of approach, the provision of help for this sector remained firmly lodged in the voluntary sector. In 1905, Birmingham's Distress Committee was created to implement the Unemployed Workmen's Act. It remained, however, dominated by its poor law representatives and the poor law ethos. The new municipal labour exchange was only to accept clients recommended by the Distress Committee, which established an agenda of classificatory indicators to determine who should be so referred for placement. Criteria closely reflected poor law priorities. Evidence of need (only married male applicants with family dependents) combined with sound moral character (a clean and tidy house, well cared-for children and religious observance) and proper market behaviour (a history of previous regular employment and thrift, reflected in past friendly society or trade union membership) identified the worthy from the pauperized common herd.¹⁸ In addition, Birmingham's Guardians set up a labour test yard on land adjoining the workhouse in 1909 and employed applicants who managed to pass the initial assessment on work in stone-breaking, wood-chopping and bundling; the manufacture of briquettes from coke and coal dust and making mortar from ashes and refuse collected from the workhouse and its infirmary. The test yard and its regime of hard labour were deemed a success and its graduates were recommended to the municipal exchange for placement on city works or in privately registered vacancies.¹⁹

This punitive approach, designed to deter all but the most desperate, meant that the operation of official placement remained associated with the poor law and its treatments. In consequence, recourse to the Distress Committee and the municipal exchange were shunned by respectable employers and workers alike. Birmingham Trades Council, set up to facilitate the entry of skilled men into the rank of small master, was happy to see public works provided for the worthy unskilled destitute in this way, but did not for a moment associate such provision with its members.²⁰ The introduction of national labour exchanges in 1909–1910 did nothing

to change the situation as the clientele of the municipal exchange simply moved to the new agency. Certainly before the war, no respectable union man would have had anything to do with such an institution. Nor would their employers: a survey of 3,000 firms attached to the Birmingham Chamber of Commerce carried out in 1918 found only 170 able to say anything favourable about labour exchanges at all.²¹

In this way, we observe how poor law mentalities bit deep into Birmingham's labour exchange practices. The information collected about putative applicants involves an individualized appraisal of 'good character', reflected partly in record of previous work and willingness to undertake even the dirtiest and hardest of labour tasks, but overwhelmingly in judgement about the moral worth of the applicant and his wife (as reflected in the inspection of household cleanliness, the state of the children and the record of church attendance). Here we find no effort to appraise the candidate in terms of professional skill or qualification (although the line of work is noted). In evidence to the Royal Commission on the Poor Laws, moreover, one of Birmingham's spokesmen illustrated how distinctions could be drawn not merely between deserving and undeserving candidates, but also in categories of degradation. Here those of 'unblemished' character, deemed worthy of charitable help, were distinguished from those whose record was not 'unimpeachable', who might receive outdoor relief on penalty of disenfranchisement, from the 'thrifless and lazy', who should be subject to institutional correction and the 'drunken and vicious' who were proper clients for penal servitude.²² A man's unemployment is assumed to reflect his domestic circumstances or moral behaviour; this required punitive correction. Such criteria of assessment differed to the social scientific appraisals advocated by the Webbs and their acolytes that, reflecting more closely practices on the Continent, tended to favour appraisals based on work history, medical condition, age and period out of work. These criteria also bore little resemblance to those used by the labour exchanges in Ghent, Strasbourg or Liege, where trade union representation allowed alternative assessment to be used and efforts were made to lure skilled – even white collar – job seekers to the labour exchange for placement purposes.²³ The implications of this for structures of power in labour market placement are further developed in the conclusions below.

Conclusions

Late nineteenth-century city environments and the multiple demands of industrial work placed specific requirements on different sectors of the

labour force, not least in Birmingham where larger industrial firms were coming into increasing prominence. New technical developments and an increased pace of production required tighter discipline, greater coordination and gave rise to new specializations and expertise that shaped employer preferences. The appearance of municipally-run labour market agencies to coordinate supply and demand necessarily created debate over how job seekers should be categorized and who should be given priority in filling vacancies. Multiple indicators of merit – standardized qualifications, ‘good character’ (thrift, cleanliness, sobriety), obedience, physical fitness, good citizenship, experience born of seniority – all might be used to justify a social ordering that reflected specific types of public authority and particular views of how social economies should work. Initially at least, public debate in the U.K. in particular was informed by established categorizations of the indigent derived from established poor law practices. Here, municipal authorities confronted multiple priorities, such as the degree of need (the family man taking precedence over the celibate) and the single opportunity for the long-term claimant (e.g. a sedentary position for a lame person). During this period ‘scientific’ standards (derived from economic or medical research) compromised with moral judgements (based on religious precepts or civic codes) to create complex classifications of job seekers that presaged their treatment.²⁴ Moral criteria eventually became translated into social scientific terms, amenable to professional judgement and statistical appraisal: claimants were judged by state of health, genetic disposition, work record, domestic circumstances and religious practices – signs used to distinguish between the respectable tramping artisan and the itinerant beggar: the respectable worker and the indolent layabout.

As indicated above, on entering the field of labour market placement, Britain’s municipal authorities were not venturing into virgin territory, but invading a land partly colonized by employers and employed. This was a sensitive business. The problem lay not only in the introduction of new systems of labour market coordination, but in negotiating criteria to be used in determining priorities of access to job vacancies and, more importantly, who had the authority to decide what these criteria might be. Here we witness confrontations not simply between different interests but also between different orders of judgement concerning, ultimately, how local political economy was expected to operate. Trade unions in both Britain and Germany wanted to guarantee the wages and working conditions of members: for this, they required secure controls over access to their specific professional sectors.²⁵ Within trade union priorities, therefore, jobs should be offered to senior members and those with most experience (and long union membership) in the trade. On the other hand,



market-oriented commercial imperatives dictated that work should be given to the most efficient and, as principle investors, employers argued that they were best informed as to how efficient workers might be identified. The two sets of criteria did not automatically overlap. Compromise was not always forthcoming: employers refused to recognize trade unions and created labour registries to ‘weed out’ union men;²⁶ unions could run their own registries and placement agencies separate from either municipal or employer organizations.²⁷ The politics of labour market organization shaped varied employment policy agendas and selection criteria differed according to who undertook the selection.

Prior to the reforms initiated in 1905, voluntary arrangements negotiated between employers and employed dominated labour market organization in the U.K. To take an example, the Boilermakers’ union on the Clyde controlled access to employment: shipbuilders required men with specific skills at specific times and the local union secretary knew both members and their capabilities in a manner that later state-run labour exchanges never could. In Britain, unions controlled apprenticeships, qualifications and training schedules in skilled sectors of engineering, metal working, construction, textiles, printing as well as a myriad of artisanal trades. Employment remained legally enshrined in an eighteenth-century statute governing masters and servants until the 1911 National Insurance Act clarified the worker’s contractual position.²⁸ The state, in short, remained absent from processes of labour market coordination, except to offer voluntary conciliation machinery in the event of industrial dispute. The remit of official intervention rested on the poor laws and on the reform of those flawed characters whose personal failings had led to their destitution – and these were not British citizens with political rights, but paupers.] 

This judgement reflects the assumptions and presuppositions on which labour market performance was grounded. In Britain, liberal notions concerning the merits of free competition between entrepreneurial actors as the foundations for economic growth, the creation of collective well-being and the common good effectively undermined the legitimacy of any state involvement. The transfer of German labour exchanges (and it was the German systems that essentially informed the 1908 Labour Exchange Act) onto British soil was resisted by organized labour from the start, primarily as a source of ‘blackleg’ labour in the event of industrial action.²⁹ In 1920, the Treasury seriously considered closing the network down: neither employers nor unions supported its retention.³⁰ In Germany, strong traditions of municipal self-government aligned to a faith in the modernizing capacities of technical competences, scientific investigation and the application of the findings by public authorities. A more technocratic approach fostered a professionally qualified bureaucracy and

the spread of professional evaluations and treatments. Such professional assessment encouraged ever more precise scrutiny of client groups and the development of more detailed categories and criteria to modify official appraisals. Here the client (the worker) may become simply the object of scientific investigation and have no deliberating rights in deciding assessment processes. It is essentially this transfer of authority, the power to exercise judgement, from the democratic to the scientific (illustrated by the quote at the head of this chapter) that stimulated opposition from both sides of industry in the U.K.

Notes

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1. N. Whiteside. 1994. 'Définir le chômage', in M. Mansfield, R. Salais and N. Whiteside (eds), *Aux sources du chômage*, Paris: Editions Belin, 381–412.
2. See, in the U.K. for example, reports of Royal Commission on Labour (1892) and the Royal Commission on the Poor Laws (1908–1909).
3. 'How do you know it (union unemployment benefit) is not being paid to men who should not be paid it? The question comes up then What is a strike? What is a trade dispute? Do you know? I do not know. I maintain that a particular man is out on a trade dispute and the union say he is not, but he is out of employment and they use my money to help him.' Henderson, Shipbuilding Employers Federation deputation to the Board of Trade, 14 June 1911, MSS 237/B/1/144: Modern Record Centre (MRC) Warwick. For Germany see G. Steinmetz. 1993. *Regulating the Social: The Welfare State and Local Politics in Imperial Germany*, Princeton: Princeton University Press, 203–213.
4. A. Faust. 1983. 'State and Unemployment in Germany, 1880–1914', in W. Mommsen (ed.), *The Emergence of the Welfare State in Britain and Germany*, London: Croom Helm, 159. See also E.P. Hennock. 2006. *The Origins of the Welfare State in Germany and Britain, 1850–1914: Social Policies Compared*, Cambridge: Cambridge University Press, chapter 17.
5. N. Whiteside. 1980. 'Welfare Legislation and the Unions during the First World War', *Historical Journal* 23, 857–874.
6. J. Harris. 1972. *Unemployment and Politics*, Oxford: Clarendon Press.
7. H. Barkai. 1983. 'Travail, emploi et salaires dans l'économie néoclassique: les conceptions marshalliennes au tournant du siècle' in Mansfield, Salais and Whiteside, *Aux sources*, 153–183.
8. W.H. Beveridge. 1907. 'The Problem of the Unemployed', *Sociological Papers* 3, 327.
9. M. Mansfield. 1983. 'Naissance d'une définition institutionnelle du chômage en Grande Bretagne' in Mansfield, Salais and Whiteside, *Aux sources*, 281–295.
10. *Ibid.*
11. Part II of the 1911 National Insurance Act offered unemployment insurance that covered a restricted number of trades – largely those with skilled unions offering unemployment benefits, i.e. shipbuilding, engineering, construction and metal working. The Act was extended to all manual workers earning less than £250 p.a. in 1920.

12. See, for example, Royal Commission on Labour, *Final Report* C.7421/1894; Parliamentary Papers (P.P.) XXXV.
13. Letter to H.G. Wells, 16 May 1910. Cited in: Harris, *Unemployment*, 267 (fn). Sydney and Beatrice Webb were co-founders of the London School of Economics, established to promote the social sciences and their application to public administration.
14. *Ibid.*, chapter 5.
15. *Ibid.*, 50–52.
16. Cited in E.P. Hennock. 1973. *Fit and Proper Person: Ideal and Reality in Nineteenth-Century Urban Government*, London: Edward Arnold, 143.
17. J. Ralph. 1890. 'The Best-Governed City in the World', *Harper's Monthly* 81, 99–110.
18. C.A. Vince. 1923. *History of the Corporation of Birmingham Vol. IV – 1900–1915*, Birmingham: Cornish for the Corporation (of Birmingham), 494–495.
19. 1908–1909 'Special Committee to Investigate the System of Indoor and Outdoor Relief, GP/B/2/7/5/1' *Birmingham Union*, Birmingham.
20. J. Corbett. 1966. *Birmingham Trades Council, 1866–1966*, London: Lawrence and Wishart, 47, 79.
21. Evidence of Homer (West Midlands Division: Ministry of Labour) to *Committee of Enquiry into the Work of the Employment Exchanges: Evidence* (Barnes) Cmd. 1140 / 1921 P.P.XI. 3rd August 1920, 333 q. 5883 and 338–339 qs. 6009–6016.
22. Evidence of Best to Royal Commission on the Poor Laws and Relief of Distress, *Minutes of Evidence*, Cd. 4835 / 1909, 741.
23. See N. Whiteside. 2007. 'Unemployment Revisited in Comparative Perspective', *International Review of Social History* 52, 35–56 for an account of the Strasbourg scheme.
24. C. Topolov. 1994. *Naissance du chomeur*, Paris: Albin Michel, chapter 13.
25. R. Jay. 1892. *Une corporation modern. La Fédération des brodeurs de la Suisse orientale et du Vorarlberg*, Grenoble: Allier. Chronicles how a confederation of embroiderers in the St Gall region of Switzerland managed to gain legal recognition to regulate their trade, implying that employers could only employ on specific terms and conditions.
26. One of the better known examples in the U.K. was the Shipping Federation: an alliance of shipowners who, before 1914, used a network of labour registries to prevent the hiring of any seafarer or dock worker who was a union member. This network was also employed for strike-breaking purposes.
27. N. Whiteside. 1993. 'La protection du metier', *Les Cahiers d'Histoire de l'Institut de Recherches Marxistes* 51, 29–51.
28. See S. Deakin. 1998. 'The Evolution of the Contract of Employment, 1900–1950: The Influence of the Welfare State', in N. Whiteside and R. Salais (eds), *Governance, Industry and Labour Markets in Britain and France*, London: Taylor and Francis Group, 212–230.
29. Trade Union Congress. 1910. *Annual Report*, 160–163.
30. In the event that the labour exchanges, renamed employment exchanges, were retained because of the need to administer job search checks in accordance with the regulations of the unemployment insurance scheme, universalized in 1920. *Committee of Enquiry into the Work of the Employment Exchanges: Evidence* (Barnes) Cmd. 1140 / 1921 P.P.XI.

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