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Public employment offices in Michigan: Government intervention before the New Deal.

John A. Soares
University of Windsor

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Public Employment Offices in Michigan: Government Intervention before the New Deal.

by

John A. Soares

A thesis submitted to the Faculty of Graduate Studies and Research through the Department of History in Partial Fulfillment of the requirements for the Degree of Master of Arts, History at University of Windsor

Windsor, Ontario, 1990
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ABSTRACT

Public Employment Offices in Michigan:
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John A. Soares

The following paper deals with the establishment, growth and development of public employment offices or labour exchanges in Michigan at the turn of the century. The growth of these government agencies will be discussed from their origins in Michigan in 1905 to the passing of the Wagner-Peyser Act in 1933. The reasons for their establishment and the objectives they were assigned will also be discussed. Who advocated their creation and why, will be examined in detail.

The primary objective of the paper is to examine to what extent the history of the public employment offices in Michigan is representative of the Progressive reforms of the time period. Were they illustrative of government intervention in society at this time, and if so, what does
their history show concerning this type of government intervention. The effects of these offices on the Michigan labour market, and to what extent they were influential in guiding it will also be examined.

The decline and eventual replacement of these offices with the state-run unemployment insurance programs will also be discussed. Why did the offices fail to meet their objectives, and to what degree was the state government responsible for these failures will be discussed. In short, would the public employment offices have been able to achieve their mandate with adequate government support.
To Mom and Dad: Thanks.
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Introduction.

In the 1890s and early 1900s a number of American states established public employment bureaus, commonly referred to as labour exchanges. These bureaus came into being as a direct response to the growing concern among many Americans regarding the problems associated with unemployment. The primary task of these bureaus was to assist unemployed workers in their search for work. It was believed that the offices would be able to achieve a moderate amount of control over the labour reserves and would eventually be able to rationalize the labour market. Once this was accomplished the inefficiency associated with the search for jobs and the search for workers would be eliminated, and unemployment would be reduced. The major weakness in this argument was the belief that work was always available for those who wanted it, and that they had only to find it.

A secondary objective of the governments which established public employment offices was the reduction and eventual elimination of the abusive private employment agencies. It was hoped that by offering the services of the public employment offices free of charge, many of the private agents would be forced out of business. The fight against the corrupt private agents, although never the primary objective of the public offices, often served the
government as an excuse for their lack of support for the public offices. Whenever the government was criticized for its lack of success in reducing unemployment through the public employment bureaus, it would invariably claim that the task of these offices was not the reduction of unemployment but the elimination of the private agents. This argument also worked well in reverse, that is, criticism of the government's efforts against the private agents was often answered by the government's claim that the primary task of the public offices was the reduction of unemployment.

The general history of public employment offices in the United States is characterized by a slow but steady rate of growth until World War I, followed by a period of rapid and efficient expansion during the war years, and steady decline in the 1920s. The Michigan experience with free public employment offices can serve as an example of the history of these offices in the United States. Although Michigan was not one of the first states to establish a public employment service, the history of its offices appear to have been typical of the state run services elsewhere.

The development of governmental employment offices created to deal with specific problems also demonstrates the growth of government intervention in American society. The reasons for government intervention and the methods by which American governments chose to confront specific
problems in society are evident in the history of these offices. Intervention by the government in the everyday lives of Americans was at first often inadequate and always reluctant. It mostly resulted from pressures exerted by private interests or by the demands of the general public for progressive reforms. The experience of the public employment offices shows that a decline in outside interest often resulted in a decline of government support for certain reforms.

The following is subdivided into three parts: First, the pre-war years from 1905-1916 will be examined; secondly, the war years, 1917-1919 will be reviewed; thirdly, an examination of the post war period from 1920-1933 will conclude the study. In each section the role of the government and its dependence on employer and worker attitudes will be discussed. Moreover the actual work and organization of the offices, their failures and success and what they show about government intervention at the time will be considered.
Chapter One: The History of Public Employment Offices in Michigan

Reasons for the Growing Interest in Public Employment Offices.

The time around the turn of the century was a period of tremendous political and economic change in the United States. One of the areas where this change was very noticeable was the increasing concern Americans expressed over the problems associated with poverty. Many of the government officials of the time, along with a growing number of social reformers, believed that they would be able to solve these problems if only they could identify the causes. They were, historian Samuel P. Hays has argued, "seeking simple solutions to complex problems." It was largely due to this desire to find the causes that unemployment surfaced as a major issue in American society. The reformers' strong belief in the scientific method of curing problems led to the conclusion that unemployment in the United States would have to be eliminated or at the very least reduced if the problem of poverty was to be solved. A number of plans were proposed to deal with unemployment. Few of these plans accomplished much, however, and even fewer survived any great length of time.

One of the plans which were suggested by both government
officials and social reformers as a possible method to lessen unemployment was the creation of labour exchanges or public employment offices. The motivating idea was the commonly held belief that work was always available, and had only to be found. Employment exchanges fit this belief very well, as they were not supposed to create jobs or give handouts, but were merely to bring "the jobless man and the manless job" together in the quickest and most efficient manner.

Furthermore, the labour exchanges were seen by the social reformers as a means to curb and eventually eliminate fraudulent private employment agents. Although it would be unfair to say that all of the private employment agents at this time abused the unemployed workers, a large percentage of them did. Their number was substantial enough to cause both the social reformers and government officials a marked degree of concern. The people advocating the creation of public employment offices argued that all private agencies, even those who carried on legitimate work, should be regulated and eventually shut down. The social reformers reasoned that even the legitimate private agents conducted a business which made a profit by charging fees to those who could least afford to pay them. The jobless, it was argued, had enough financial difficulties to worry about without having to pay a fee for the opportunity of obtaining an honest day's work.
Before either of these issues can be examined, it is important to understand the changes in American society at the turn of the century that led to the growing concern with the plight of the unemployed. The late nineteenth and early twentieth centuries witnessed a significant shift in the attitude of the American public towards the poor. Whereas in earlier periods of American history the general attitude had been one of contempt and disgust, the new and growing attitude was one of pity and concern. The formerly prevalent opinion declined that poverty stemmed from laziness, lack of ambition and unwillingness to better themselves. Furthermore, it had been a commonly held belief in American society that a man's ability to find work and provide for his family was a very personal thing, with which neither the government nor the public had any right to interfere. As a result people who found themselves victims of poverty through unemployment due to no fault of their own were forced to turn for help to the few charitable organizations which existed in the United States. Accepting assistance, however, carried a heavy stigma of failure, and more often than not these people were treated as social outcasts and degenerates by the philanthropies themselves. Even though immediate and temporary help was usually available, it was always a humiliating experience. Relief was provided "under conditions that were intended partly as a retribution for past failings and partly as a check against future failings."
Sidney Fine has argued that this attitude towards the poor and unemployed in the United States was a direct result of one of America's founding principles, the "laissez faire" mentality of American society. Americans in the nineteenth century were very ardent believers in the philosophy of laissez faire. This liberal tradition, which had developed out of the doctrine of natural rights and the belief in the self-sufficiency of the individual, had created a situation in which the poor in America could obtain no protection from the government. In short, laissez faire ideology "denied a poor man's claim to a right to protection by society."  

This approach to the problem of poverty obviously caused a tremendous amount of hardship for those who were genuinely unemployed and unable to find work. Even after American society began to exhibit signs of greater concern for the plight of the poverty stricken, the help available was inadequate and was granted primarily through alms-houses and private charity organizations. It was not until the emergence of the Progressive reform movement in the late nineteenth century that the notion that "poverty was primarily a matter of character deficiency and had to be dealt with on a strictly individual basis," began to lose ground. But even then the majority of people still opposed any type of direct government assistance, believing it was socialistic and contrary to American liberal principles.
The reform groups which emerged in the United States in the late 1800s, collectively referred to as the Progressive movement, came to the realization that the prevailing approach to dealing with the unemployed and poverty stricken was not only unfair but in many ways dangerous. These social reformers argued that unemployment was not the direct result of any failing on the part of the workers, but was an inevitable component of the American industrial system.\(^{12}\) As a result they came to the conclusion that the unemployed were entitled to government intervention on their behalf.\(^{13}\) This did not, however, mean that the reformers were advocating general government relief funds. They rather wanted the government to enact laws which would make the need for such relief unnecessary.\(^{14}\)

The emergence of the reform movements, like the growth of unemployment, was due to the development of industrialism in the United States. Never before had the number of unemployed and displaced workers been so great. The tremendous growth of industry, from 1870 to 1900, greatly transformed American society. The United States changed from a predominantly agrarian, highly unIntegrated society to one which was urban, industrial, and interdependent. Over time not even the proud yeomen farmers of America remained totally self-sufficient.\(^{15}\) The inevitable result was growing discontent among the workers and small farmers, creating noticeable social cleavages in
the United States. Class conflict was now a real possibility. As Samuel Hays has put it, "the stark reality of social conflict deeply stunned Americans who had cherished the view that class divisions did not exist in their country." 16

It was this "discovery" of class cleavage which prompted many people to question prevailing attitudes and to start advocating pertinent change. They began to believe that it was their moral obligation to eliminate or at the very least minimize the detrimental effects which industrialism had upon those who were least able to withstand them. Often referred to as the humanitarians among the Progressive reformers, these people acted out of "a stricken conscience, a sense of shock on the part of individuals who could not live with themselves without acting to improve the conditions of the poor." 17

Not all of the progressive reformers, however, felt this way, though. The majority of them wanted changes for more self-centered reasons. Among this second group prominent members of both the industrial community and the political sector could be found. These people advocated reform more out of fear than out of genuine concern for the condition of the poor. They were afraid that, if left unchecked, the growing number of unemployed and embittered workers would present a formidable challenge to established positions in society, to wealth and possessions. During the depression of the 1890s fear of violence from the
unemployed was widespread. It was during this period that much of the agitation for reform arose and that many of the reforms which were eventually implemented were for the first time debated.18

Businessmen and politicians "believed that industrial workers had the most potential for creating general social disorder, even revolution,"19 especially those who were unemployed and had nothing to lose but a great deal to gain. The old adage that "idle hands are mischievous hands," took on an entirely new meaning for these reformers. It was, they believed, in their best interest to limit the amount of discontent among the workers, and the surest way to accomplish this goal was to insure that the latter had steady work and enough money to support their families. This was to be done in any possible way, so long as it did not greatly affect industrial profit margins. The so-called labour problems of the 1880s and 1890s forced most businessmen to consider social welfare problems for the first time in the history of industry in the United States. Edward Berkowitz and Kim McQuaid have argued that the "first modern social welfare plans ... were efforts to conduct peaceful labor relations." Businessmen reasoned that worker strikes and general worker unrest resulted in delayed schedules and lower profit margins. The best solution would be to prevent and eliminate these problems.20 Businessmen thus began to advocate the abolition of the old methods of dealing with the poor and
unemployed and began to support, as did the humanitarians, a more active government role. They hoped that government would be able to diminish dissent and revolutionary spirit among the working classes. Many of the reform programs which were eventually adopted by the state governments brought more than one benefit for business interests in the United States. Workmen's compensation is a good example. Not only did it help to eliminate a possible source of dissension, it also lowered operating costs for employers.

It is this aspect of the progressive movement which has led some historians, notably Gabriel Kolko, to argue that the Progressive Era in American history was actually a period of conservatism, resulting from the "conscious needs and decisions of specific men and institutions." He argues that even though politicians had a multitude of choices when it came to choosing reforms, they consistently chose to put forth those supported "by the representatives of concerned business and financial interests." These proposals were motivated by the needs of industry and therefore government intervention was more often than not a response to the demands of business. As Kolko states, "Progressivism was initially a movement for the political rationalization of business and industrial conditions," operating on the assumption "that the general welfare of the community could be best served by satisfying the concrete needs of business." The problem therefore with
the progressive approach to the problems of social welfare was simply that its basic concern was not the plight of the unemployed, but rather the effects which the proposed reforms would have on the business community. As a result those reforms which were eventually implemented by the government failed significantly to alter the conditions of unemployed workers. The subject of this paper, the public employment offices, are a good example of this problem. In the end they failed to either control unemployment or to eliminate the corrupt private employment agencies.

Regardless of intention, the majority of reforms were preventive in nature. American reformers in general wanted to prevent the problem from arising rather than to remedy it after it had begun to exist. For this reason general relief programs or even government make-work projects were not widely accepted as methods to deal with unemployment. Furthermore, solutions which depended on the creation of strong labour unions and heavy government and business contributions, such as the Ghent unemployment insurance system existing in some European countries, found little or no support in the United States. Business had a powerful say in what types of reforms were accepted, and it would not support any reforms which would drastically alter the American industrial system, including anything which might organize and control the labour reserves. Many of the reformers claimed that "the best form of charity is to give men work and to pay them decent wages. In the
nineteenth century it was often assumed that all labour problems would disappear if only employers could be persuaded voluntarily to follow this advice."28 This philosophy was one of the motivating factors behind the concept of public employment offices. These offices corresponded well with the prevention mentality of American reformers. A network of offices would cooperate to find work for the unemployed and thereby prevent the problems which were associated with long periods of joblessness. The public employment offices would, it was argued, minimize the problems of unemployment by rationalizing the labour market.29

It is evident from the material available that many social reformers and politicians of this period believed that the public employment offices had an instrumental role to play in the effort to reduce unemployment in the United States. What was required, according to these people, was proper organization and adequate funding. The offices supported by government, they argued, should bring employers and workers together to trade labour for wages and should also attempt to equate as far as possible "the demand for and the supply of labour within its area of operation."30 According to the reformers, these offices would not create jobs but would merely "eliminate waste and unnecessary idleness resulting from the irregular and ignorant efforts of individuals to find work or to secure workers."31 To be effective, the exchanges would have to
be set-up in all major industrial centers and would have to be highly centralized and interdependent. In this way they would be able to respond to all demands for both workers and jobs which were put to them. By knowing exactly where workers were unemployed and where jobs were wanting, the offices would be able to solve the problem of bringing together "the jobless man and the manless job."

By exercising this mediating function effectively the labour exchanges would be able to control the so-called labour reserves, whose unchecked existence was considered one of the primary causes of unemployment. A labour reserve was the number of men in a particular area looking for work above the number of positions which were available to be filled in that area. These reserves existed primarily because employers encouraged their growth in order to keep wages low. The more competition existed among workers for employment, the lower the employers could keep wages. Often employers would advertise for more workers than they actually needed. Increasing the number of men competing for the available positions enabled the employers to keep wages at a minimum. Often those workers who did not obtain work at the plant which was hiring remained in the vicinity hoping to get a position elsewhere. They thus became part of the labour reserve of that vicinity. It is obvious that employers did not want these reserves eliminated or tampered with, as this would almost certainly result in wage increases.32 Reformers, on the other hand, believed
that public employment offices could only be successful in the war against unemployment once all of these reserves became centralized and control were established over them. The offices would reduce the size of the reserves and thereby reduce the number of unemployed.33

Although the rationalization of the labour market was a major factor in the struggle against unemployment, reformers soon realized that it was not the only one. They understood that industrial attitudes and practices, along with the lack of job training among many workers, especially the young, were also major causes of the American unemployment problem. The use by industry of casual labour was seen as one of the major culprits.

Casual labour was the term for workers who were not able to hold on to the same job for any extended period of time. In most cases this was not their fault but the direct result of American industrial practice. American industry at this time did not endeavour to maintain a steady work force throughout the entire year. Instead employers hired workers, often in large numbers, when their production schedules were behind. They laid them off when the production was back on schedule. Instead of attempting to maintain a constant level of production and consequently a steady work force, American employers ran their industries on a supply and demand basis. This situation created a tremendous amount of irregular employment for workers, and as a result most unskilled labourers and even a substantial
percentage of skilled labourers were unemployed for at least a short period of time every year. The social reformers believed that the public offices working together with the employers would be able to eliminate a substantial amount of this casual labour, thus reducing the number of unemployed every year.34

The lack of vocational training among America's youth was another factor which contributed to unemployment. Don D. Lescohier saw in it one leading cause of unemployment. "The blind alley occupations, into which hosts of young people are drawn like flies into the web of the spider," he wrote shortly after the war, "throw thousands of unfit upon the labour market."35 These young people, who had no marketable skills eventually fell into the casual labour trap and became numbers in the unemployment statistics. The public employment offices were to improve this situation by providing young workers with opportunities for vocational training. The offices would attempt to keep young people from entering the work force without any skills. For those who did enter the work force early, a system of "continuation schools" should be maintained and expanded by the states. This, it was hoped, would not only reduce the number of unskilled workers but would help to keep many young people from falling into the casual labour category and the ranks of the unemployed.36

Although social reformers considered the public employment offices to be instrumental in the fight against
unemployment, the way in which the governments of the United States undertook the exchange work was not satisfactory to them. Shortly before the outbreak of World War I social reformers, along with the public in general, began to express concern over the inability of the offices to achieve their goals. It was argued that after almost twenty-five years of existence these offices had not been able seriously to alter the number of unemployed in the United States, nor had they been able to reduce the abuses of the private agents. The primary reasons for this failure were understood to be the lack of proper organization and of sufficient financial backing. According to William M. Leiserson, one of the leading advocates of these offices, they were in dismal shape after the first twenty-five years. He claimed that they were issuing inaccurate reports, were slip-shod in their duties, and catered too much to casual labor. As a result they lost the patronage of most classes of skilled labour and of the more important employers.37 Leiserson held, however, that the problem was not with the employment offices themselves but with governmental attitudes and practices. He believed that the offices were based on sound principles, but that the state governments had failed to make them work.38

The lack of governmental commitment to the public offices had resulted in the less than efficient system which evolved and in its evident lack of success. According to the reformers, two basic problems beset the exchanges in
1914. First, they suffered from a lack of qualified personnel with which to run these offices efficiently; second, there was a lack of communication and organization among the offices of any given state. The cause of both of these problems was the inadequacy of government funding.

The lack of qualified staff was primarily due to the inability of the public offices to pay reasonable salaries. People who may have had the ability and knowledge to run the public offices efficiently did not want the jobs, because they could obtain much better salaries working in the private sector. There was moreover the government's desire to fill the available positions with political appointees.39 State governments were always looking for good places to fill with men who needed to be paid for their political services.40 The employment offices constituted an excellent source of patronage jobs for political hacks. As a result the people who were put in charge of these offices, for the most part, had few qualifications for their task, and the work of the offices often suffered noticeably. 41

The lack of qualified personnel led to the second major problem faced by the employment offices, lack of effective communication and organization. The reformers argued that if these offices were to be successful, they would have to form a well-functioning interconnecting network. The people who ran these offices, however, had for the most part very little knowledge of how such a network should operate or
even what its actual purpose might be. As a result they
made no move to centralize the system, and communication
between offices was minimal at best. The individual offices
were isolated from each other and had little or no
knowledge of the employment situation outside their own
area of operations. Under these circumstances it was
impossible for them to achieve their primary task of
rationalizing the labour market in order to reduce
unemployment.

The inadequacy of funding was the leading cause for the
failure of the public employment offices. At an annual
meeting of the American Association of Public Employment
Offices, Leiserson argued that the most important task that
waited for employment offices was to gain the confidence of
workers and the public in general. Otherwise the offices
would be doomed to failure, Leiserson held, as the
governments of the states would not be willing to provide
adequate funds to an unpromising institution.42

Although public apathy towards the work of the
employment offices was a major factor in the government's
approach to the offices, the lack of support from employers
and organized labour was also important. The employers'
associations of the time usually offered considerable
opposition to the public offices. Even though most of this
opposition did not come out into the open, it seriously
hampered the ability of the public offices to carry out
their work.43 Employers opposed the public offices in
particular because they feared an organized labour market which would reduce labour reserves and bring with it substantial wage hikes. Most employer organizations disliked the idea of effective government interference in the free market in principle. This attitude also manifested itself in the employers' resistance to the introduction of maximum hours and minimum wage regulations. The claim was that these would do more harm than good. Walter M. Lowney, the director of the Boston chamber of commerce in 1915, in a typical display of this type of attitude argued against legislation which imposed age limitations on child labourers. He claimed that "the result has been, as far as I can judge, that very many of the girls over fourteen and not yet sixteen who formerly were employed, are now walking the streets."44 With the same kind of reasoning he argued against minimum wage legislation, because in his opinion it would work directly against the unskilled workers. He did not fully explain, however, how it would do this.45 This sort of argument was of course superficial and inaccurate. It betrayed the desire to avoid any type of government regulation. The argument was put forward that business could regulate itself more efficiently, to the mutual benefit of both the workers and employers, than government could.

There existed still another reason for some employers to oppose the public employment offices. They had employment agencies of their own. These employers' agencies
were mostly used to combat the evolving worker organizations. The favorite means was the black-listing of union members, which aimed at keeping them unemployed and powerless.\textsuperscript{46} The fact that public employment offices were supposed to take a neutral position in all matters dealing with labour/employer disputes displeased employers. Because they were concerned about organized labour, they frequently thus ran offices of their own.

Labour unions, for their part, opposed public exchanges or at best were ambivalent towards them, because they feared that the offices would be used by employers to combat union progress. Organized labour viewed the public offices with contempt and considerable suspicion, fearing that these offices would join the employer's organizations in destroying the gains which they had already made. John H. Walker, the president of the Illinois Federation of Labor, stated this position best when he claimed that "people might organize the labor exchanges in such a way that the entire unemployed army would be mobilized and that the employers would have such access to it as to be enabled to use it at any point, at all times, to break down the things organized workers have already established by fighting for them hard and long."\textsuperscript{47}
The Establishment of the First Public Labour Exchanges

The first permanent public employment offices created in the United States were established in 1890 by the state of Ohio. Although they were the first permanent state offices, they did not represent the first public attempts to open exchanges. New York City had experimented with such an office as early as 1834 and another one had opened in San Francisco in 1868. However, neither of these attempts was successful, and the offices did not remain open for a long period of time.\textsuperscript{48} The motivating factor behind the creation of the Ohio offices was the fact that the Ohio legislature was able to take advantage of the growing public sentiment against the private commercial agents, many of whom practiced corrupt methods in order to take advantage of the unemployed workers who had little choice but to avail themselves of the services these offices provided. The legislators in Ohio argued that public employment offices would effectively remove the private agents from the market by providing free services. The Ohio government thus addressed the problem which the private agents represented without moving directly against them. The public offices in Ohio were to attain two important objectives. First, they constituted an attempt to deal with the corrupt practices of the private agents and the unemployment problem, thus showing the general public that government undertook to deal with these questions; secondly, they did not directly oppose the interests of the
more powerful private agents, thereby avoiding a direct confrontation between the government and influential businessmen. In short, the public employment offices represented a way out for politicians caught between the desires of the public and the demands of private enterprise.

The offices also offered a number of other concrete advantages for the government. For one thing, they did not greatly diverge from the American public's aversion against government intervention, as they did not provide direct government relief. By pointing out jobs it was believed that they "preserved the dignity or ethics of the workers and kept them productive." Furthermore, these offices also addressed the problem of labour unrest, a major concern of most businessmen. In addition, government could also point to these offices when faced with criticism from labour, claiming that it was trying to deal with labour's concerns in a concrete manner. Finally, the offices operated at a very low cost. The governments which set up these offices more often than not barely provided them with sufficient funds to keep them operational. It was mostly due to this factor that they became so popular with governments.

There was much debate over what the primary role of the public offices should be. Social reformers wanted to see these offices used as a means to regulate the labour market and thus to fight unemployment. Government
officials, however, wanted these offices to compete effectively with the private agencies. Through this policy, they hoped that the private agents who engaged in corrupt methods would be forced out of business due to this competition. Most offices were consequently established primarily in response to the public's demands to eliminate the private agents, whereas the problems of unemployment were only a secondary consideration. Although some government officials hoped that the offices might also be able to accomplish some minor gains in the struggle against unemployment, before 1906 few of them believed that the offices would be of any substantial use in this struggle. According to Shelby M. Harrison, who surveyed the field in the early 1920s, it was not until the second decade of the century that public employment agencies began to be seriously considered as a means to prevent unemployment, a full twenty years after the first offices were established in Ohio.

Even with regard to these limited goals, the early history of public employment offices in the United States was marked by failure. From 1890 to 1910 and beyond, the public offices were not able to control or even lessen the abuses perpetrated by the private agents. The growth of the private agencies continued unchecked, and the public offices were unable effectively to compete against them. It had been argued by those who wished to see the private agents disappear, that merely to abolish these agencies
through governmental decree would not solve the problem. In their opinion only the creation of a strong competitive force would be able to shut those operations down permanently. However, due mainly to a lack of adequate government funding the public employment offices never really posed any type of serious competitive threat to the private agents.

One of the primary reasons for the creation of the public exchanges was cost. The various state governments were simply unwilling to spend more money than the absolute minimum to keep them operational. This parsimony made it impossible for the public offices effectively to compete against the private agencies. Unlike the public offices, the private agencies carried out a highly specialized kind of work, and most of them made substantial profits. This enabled them completely to outperform the public offices. It was reported at the time that some of these private agencies were making as much as $300,000 a year, a figure based on information provided by the private offices themselves. It is unlikely to be completely accurate, and in all likelihood it was frequently exceeded. The sixty-nine private agents operating in the state of California alone spent $206,700 just on maintenance. This figure represented more operating capital than was available for all of the state agencies in the United States together. Obviously private employment agencies conducted a very well organized and profitable business and
had enough funds successfully to compete against poorly supported government exchanges. When it is remembered that as late as 1905 some state offices were being established with little more than a $500 appropriation for advertising purposes, it is not surprising that private agents still existed twenty years after the creation of the offices which were supposed to remove them from the market.

As a direct result of the inadequacy of funding, public offices were unable to attract the higher classes of labor. This in turn kept employers from availing themselves of the services provided by the offices. The primary reason for this was that the private agents were able to specialize in certain fields. If public offices were to be competitive, they would also have to specialize. This was an expensive and risky proposition, and the politicians of the time were unwilling to risk the capital which specialization would require. As a result the public offices were at a marked disadvantage.

Another problem faced by the public offices was the fact that they did not charge a fee, which led to the belief that they were charitable organizations. As a result only unskilled labourers of the lowest sort frequented them. What reformers had seen as the greatest advantage over the private agents, the fact that the public service were free, thus turned into a great liability. Employers for their part had very little use for the state offices, since the latter offered primarily unskilled labour. This
type of labour was not difficult to obtain as most
employers could still satisfy their needs for unskilled
labour at the gate. Skilled labour was not to be had at the
public offices, and employers had no choice but to resort
to the private agencies.60 Unfortunately this situation
perpetuated the belief among most workers that the private
agents were more efficient than the public offices. Some
workers even went so far as to claim that "the only place a
man can get a job ... is at an agency were you have to pay
ten percent of your first month's wages."61 The combined
effect of all of these factors was the inability of the
public offices effectively to compete against the private
agents.

The Establishment of Public Employment Offices in Michigan.

The first permanent public employment offices began
operations in Michigan in the early months of 1905,
fifteen years after the first American offices opened in
Ohio. This does not mean that officials in Michigan had not
considered the potential of such offices prior to this
time. In fact the commissioner of the Michigan Bureau of
Labour and Statistics had enthusiastically recommended
their creation as early as 1892. He had argued that they
provided a much needed service and would help to cut down
on the abuses of the private agents.62 Despite such early
efforts, the Michigan legislature did not attempt to
establish exchanges until almost ten years later, and even
then only on a purely experimental basis. After continued
pressure from the officials at the Bureau of Labor, the government of Michigan decided to set up two experimental offices. In 1901, one exchange was opened in Detroit and one in Grand Rapids. They were in operation, however, for only a few weeks.63 They had been established for the specific purpose of gauging whether or not the condition of the labour market in Michigan required this type of service on a permanent basis. The results of their work, according to Commissioner Scott Griswold, suggested that the state labour market would greatly benefit from their type of service and that the results would more than compensate the expense incurred.64 The state legislators, though, did not agree with him yet, and another four years went by before the legislature was willing to go ahead.

The most plausible explanation for the absence of government enthusiasm was the lack of public support for these offices in Michigan. At this time the employment situation in Michigan was generally stable. The volume of unemployment in the state and the length of time people were out of work were well below the national averages.65 Furthermore, unlike Ohio and Illinois, Michigan did not have a serious problem with private agents and their abuses. Public disinterest in the topic thus allowed state legislators to delay the opening of public employment offices for some time.

The experimental offices of 1901 did, however, help the labour commissioner and those people advocating the
establishment of the offices in a very substantial way. The offices proved conclusively that there were a great many people willing to use the employment offices, either because they could not afford the legitimate private agents or because they had already made bad experiences with the corrupt ones. The commissioner and the social reformers were able to point to these results and put pressure on the government to establish offices on a permanent basis.

In 1905 the state government yielded. The legislature passed Public Act no. 37, which called for the creation of free public employment offices in every city with a population of 50,000 or more. Two cities qualified, Detroit and Grand Rapids. But even though the government authorized the opening of offices, it made no provisions for funding them beyond a $500 appropriation for advertising. Other operating costs had to be met by the bureau of labour and statistics. The bureau's budget was already inadequate for its existing work. The added burden of the public employment offices thus meant cutbacks in the bureau's other activities. Nevertheless the Detroit office began operations on 12 June 1905 under the supervision of Alex Smith,67 and the Grand Rapids office, supervised by Emily Griswold, opened for business on 1 August 1905.68

Why had the government of Michigan finally authorized the creation of these exchanges? The answer to this question is not a simple one, as there are a number of differing opinions regarding the actual reasons.
Many observers have argued that like the majority of the states before it, Michigan was beginning to feel the problems created by the private agents. Some historians have even gone so far as to claim that the primary and in reality only true motive of the Michigan legislature was to create offices which would compete against the private agents. While this was true in a number of other states, a close examination of the situation in Michigan and the history of the movement which advocated the establishment of the offices does not fully support this argument. Even though there was a good deal of concern over the methods practiced by some of the private agents, they were never a major issue with Michigan politicians. In fact, the first official mention of these private agents in connection with the work of the public offices in an official state publication was made in the bureau of labour's annual report for 1907, a full two years after the permanent establishment of public offices in Michigan. "It was with the view of at least partially protecting the thousands of workers against the fraud and deception practiced by these sharks," as Smith stated, that the offices were opened. Obviously this type of pronouncement led some historians to believe that private agents were the major motivating factor behind the creation of the public offices in Michigan. However, closer examination of the situation makes it quite clear that such statements were the exception and not the rule.
In the 1911 annual report of the Department of Labor, then commissioner Perry F. Powers remarked that the employment offices had been established primarily to assist the unemployed to find a job. He claimed that it was the recognition by society of the perishable nature of labour which led to the creation of employment bureaus. Workers and employers needed a place which would insure that labour was exchanged in the quickest and most efficient manner. Both of the above statements were made by officials working for the same government bureau, and both were published in that bureau's annual reports. The second of these two statements, however, was much closer to the general opinion expressed by most of the Michigan officials. From its very inception the Michigan Bureau of Labour had shown a great deal of concern for the condition of the unemployed. At the ninth annual convention of the chiefs of labour bureaus, held in 1897, the Michigan representative not had only demanded public employment offices which could help the unemployed, but he had been one of the first to suggest that the states should also provide jobs if none could be found by the offices. He had even attempted to pass a resolution which stated that "in case said public employment offices do not find private employment for all those who need it, that it should be the duty of the state to supply such employment." Although the resolution was never passed, it showed to what lengths some of the Michigan state officials were willing to go to
solve the hardships caused by unemployment. On occasion even a historian who claimed that the motivating factor for the establishment of the public offices was the problems caused by the private agencies, was forced to concede that Michigan was one of the few states to show concern for the plight of the unemployed, and actually to try to do something about it.74

Furthermore, there is nothing in the actual legislation that established the offices which can be used to support the argument that their primary goal was the abolition of the private agencies. Only two exchanges were to be established in the two largest cities of the state where substantial numbers of private agencies existed. There was no hope that the state exchanges could effectively compete against the private agents, and it is difficult to believe that the government thought they could. Its offices were not given any funds, whereas the private agents for the most part had substantial funds at their disposal. Neither the act of 1905 nor the revised act of 1907 made any reference to private agents. The act of 1905 merely stated that "free employment bureaus are hereby authorized to be created in cities in this state having a population of fifty thousand or over, for the purpose of receiving applications of persons seeking employment, and applications of persons seeking to employ labour."75 Perhaps these acts made no attempt to regulate private agents simply because there was no real need for it. In
Michigan, private agencies had since the 1890s been regulated by the individual cities. In the City of Detroit, for example, the private agents had to abide by city ordinances which stipulated what fees could be charged, established refund policies, and required each agent to obtain a city license to enable him to operate within the city boundaries. The sergeant of police in Detroit was responsible for insuring that these regulations were enforced and often prevailed upon agents to pay refunds. In a few cases licenses were even revoked.76 Most of the major cities in the state had ordinances similar to that of Detroit. It was, therefore, unnecessary for the state to pass such regulations.

Why then did some labour department officials, especially those directly connected with the public employment offices, continue to advocate the government regulation of the private agents, and continue to argue that their primary goal must be the abolition of these agents? These officials claimed municipal regulations did not sufficiently curb the abuses of the private agents. A statewide law, they claimed, would be much more efficient, as it would leave no area of the state unprotected. They wanted and eventually obtained a law which made the public offices the guardians of the regulations. This meant that it would be the public offices which would issue licenses, collect fees, stipulate fines and decide whether or not a private agent should be shut down. This gave the public
offices a tremendous advantage over the private agents from a competitive perspective. As the commissioner of labour stated in 1912, "the regulation of private agents must necessarily have a beneficial effect on the state bureaus of employment." 77

Not only did the regulation of the private agencies reduce the abusive activity of the private agents, it was also very advantageous financially to the public offices. The Michigan Department of Labor retained the money it collected from the license fees and fines it imposed on the private agents. For the most part this money was used for the maintenance of the employment offices. The importance of these supplementary funds is evident when one considers that as late as 1915 the Department of Labor received only a $40,000 appropriation to carry out all of its work. The employment offices alone accounted for over 21 percent of the department's total outlay. 78 The added income received each year, $2,575 in 1915 and $1,485 in 1916 for example, greatly improved the financial situation of the department and thereby the efficiency of the employment offices. 79

Evidently the public employment offices had a great deal to gain from the regulation of the private offices. It was primarily for this reason that some officials within the Department of Labor continued to maintain that the private agents had to be regulated and that the best way to do this was through the use of the public employment
bureaus. However, even though more was gained from the regulation of the private agents, the primary concern of the public offices was unemployment. It is clear from the record that officials in Michigan were much more concerned with the problems posed by unemployment than with the private agents. But argument over what the primary objective of the public offices should be continued throughout their history.

Although much has been said about the abusive practices of some of the private agents, the abuses themselves have not yet been considered. Generally, the corrupt agents dealt primarily with the common labourers and newly arrived immigrants. The treatment they received ranged from simple fraud, whereby workers paid a fee and received little or no assistance and were often sent to jobs which did not exist, to elaborate schemes in which the worker's entire financial well-being was in the control of the private agent.

The most primitive of these private agencies often operated in connection with saloons, which served as gathering places for unemployed workers. The fees charged for job mediation were often very high. Moreover, this type of agency was frequently little more than a front for illegal brothels and liquor houses. By offering the chance for a job these businesses attracted customers who often ended up spending more money on liquor or women than they did on finding a job. Some saloons would charge a
small fee, usually about a dollar. The workers would then be made to wait two or three days, at the end of which the dollar would be returned because they had not obtained a job. The problem was that while they were waiting for their placement they had spent anywhere from two to five dollars on alcohol. In other instances saloon keepers controlled entire sections of the local employment market, and it was often nearly impossible to obtain a job without paying them a fee.

The majority of corrupt employment agents operated in some similar fashion. Some were very well established and organized, while others were simply one man operations. It is fair to say that many of these private agents placed a substantial number of unemployed workers, even while taking from them all the money they possibly could. However, a good number of private agents made few attempts to assist workers in obtaining employment. They were in business for fraudulent purposes. This type of agent often operated in conjunction with factory foremen. Their method of operation was to send a worker to a job, collect his fee, and then have him dismissed so that another could take his place. The agent and the foreman would then split the fees which had been collected.

A practice which brought much condemnation was the maintenance of a connection with a so-called padrone. The padroni were viewed as the worst offenders against the unemployed, and any business relations with them was sure
to bring condemnation from reformers and government officials. The padroni worked mostly with foreign labour and were condemned by reformers as "the most vicious anti-American institution among foreign workmen." 

The padrone's method of obtaining a profit was to control all aspects of the workers' lives. Not only did he provide them with work, but he often housed them, acted as their banker, wrote their letters, and engineered many of their dealings. Often the worker's wages were not high enough to pay the fees the padrone exacted for his services. As a result many of the workers under his care eventually became indebted to him. A system of peonage developed. Compulsory service was a regular aspect of the system which the padroni created.

The padrone came into existence in the United States largely due to the need for a middle-man in the relations between foreign labourers and American employers. Immigrants spoke a different language and had different customs and habits. The padrone facilitated the relations between employer and foreign worker. In the process the padrone gained virtually absolute control over the foreign labourers who depended on him for employment and assistance in resolving his day to day problems. But the padrone was not a civil servant. Whatever he did, he did for profit, fleecing his own country men for all he could get. Those workers who attempted to break free of the padrone's hold often found themselves blacklisted and unable to obtain
work elsewhere. Some times they were even threatened with physical harm.89

Not only were the padroni a burden on the foreign workers, but their actions also impeded attempts to rationalize the labour market. Their almost absolute control over certain sectors of it contributed to its disorganization and to the "deterioration of the labor supply."90 However, the weapon to be used against the padroni was not adequate. The public employment offices could not compete with the well-established, well-organized, and financially secure agents.

Work and development of the public exchanges in Michigan.

The development of the Michigan public employment offices from 1905 to the outbreak of World War I was very slow. The state government showed only minor interest in the evolution of the exchanges or the progress of their work. In order to obtain any type of concessions from the government the officials in these offices had to lobby long and hard. Improvements were usually inadequate and always poorly funded, if sustained by any funds at all. It took the government two years to come up with an allocation for the operation of the original two offices. However, at the very same time it also created new offices in cities with a population of 30,000 or more. As a result Michigan had a total of five offices with a global appropriation of $5,000. This meant that each office could now receive $500 more than the original two had received in the beginning.
This was, however, still woefully inadequate. The act of 1907 authorized the Department of Labor to open three new offices. The first two were opened as quickly as possible, one in Kalamazoo and one in Saginaw. The third office was not created until 1908, due to financial restraints. It was finally established in Jackson, when the employment offices received a small financial break from the state government. The legislature in 1908 stipulated that all of the office supplies for the employment bureaus would be furnished by the state rather than having to be provided out of the operating budget. It was not a very substantial financial gain, but at this time the offices were happy to get whatever they could.

There came no further developments regarding the exchanges until 1911, when the state authorized five new offices. However, this was not as important a development as it appears. The legislature made no provision for the financial backing of the five new offices. As a result none of them opened. It was not until 1915, when a new appropriation was received, that some of these offices finally started functioning, and even then they operated only on a part-time basis. In 1915 the state government authorized the creation of a further three offices. At this time it felt compelled to provide them with a small appropriation to meet their maintenance costs. As a consequence, the Department of Labor was able to open five of the authorized eight offices, namely one each in Flint,
Battle Creek, Muskegon, and Bay City. These offices operated on a part-time schedule, opening at 7:30 A.M. and closing at 11:00 A.M. The remaining three authorized offices did not open for business until after the entry of the United States into World War I.⁹³

There was still another major development in the history of the Michigan free public employment bureaus in this period. In 1913 the state government had passed a law regulating the private agencies. This law had made the public offices the guardians of the regulations. However, the law was challenged by the private agents and did not come into effect until 1914, when the state supreme court upheld its validity. Regulation of private employment agents was not questioned in Michigan from then on.⁹⁴

Regarding the question of unemployment the Michigan public employment office officials were very much in agreement with the social reformers. They believed that the best way to solve the problem of joblessness in Michigan was to rationalize the labour market. In the first official report of the Grand Rapids office, supervisor Emily Griswold stated what she considered to be the most important advantage which the public offices had to offer. "In no way can the question of supply and demand be better adjusted," she wrote, "than through an agency conducted in fairness and justice to all."⁹⁵ That the adjustment of the supply and demand of labour was considered the primary task of the Michigan offices is evident from the statement
made by the Kalamazoo office superintendent in his annual report for 1909.
He believed that the offices were most useful when they were managed to prevent an over supply of labour in one area while filling deficiencies of labour in another. He argued that too often after leaving a job many of the workers would drift into the cities looking for employment, even though they would have been able to find work only a few miles away if they had known about these open positions. In this type of situation the employment offices would provide an invaluable service to both workers and employers.96

All of these tasks were efforts to organize the labour market. In this respect the Michigan public employment offices were among the leaders. The officials in the state of Michigan were among the first to show concern for the plight of the unemployed, and the Michigan public employment offices always played a prominent role in proposing solutions for that problem. According to one Michigan official "the free employment bureau bears the same relation to the employer and employe that the clearing houses do to the national banks."97 What he meant was that without the public offices to act as mediators between employers and employees the unemployment problem would have been almost impossible to overcome.

Progress of the public exchanges before World War I.

From the very beginning of their existence, the public
employment offices in Michigan suffered from the common problem of inadequate financial support. The superintendents of the original offices complained bitterly about the smallness of the government's appropriation. They argued that the lack of funds seriously hampered the ability of their offices to perform their jobs. The limited resources forced the Detroit office to abandon all attempts at keeping accurate and well organized statistics, it simply did not have a sufficient number of qualified personnel. The shortage of funds prevented the offices from being efficient and impeded the extension of the scope of their efforts. This sort of complaint continued to emanate from the public offices throughout the first ten years of their existence. The government, however, did very little to improve their condition.

The consequence was in Michigan much the same as in the majority of the other states. The lack of funds caused the system to remain ineffective and disorganized. As a result it catered mostly to lower grades of unskilled labour and migratory farm hands. This condition was also reflected in the kind of people running the offices, as the latter were staffed with inefficient political appointees. Obviously no qualified persons would take these jobs.

The work of the offices in Michigan was not at all coordinated. Continuously calls could be heard for closer ties between the offices, as it was hoped that better inter-office relations would improve efficiency. However,
the government did nothing to create a more centralized system. By the outbreak of World War I the Michigan offices were still operating in relative isolation from one another and knew very little about the general employment picture in other areas of the state. As a result by 1916 the Michigan labour offices were no closer to organizing the labour market than they had been in 1905.

It is evident that the government of Michigan did not take the operation of these offices very seriously. It clearly considered them as a sop to the working classes and a good means of political patronage. The state administration did little to improve their operation beyond authorizing the creation of new ones. It never provided adequate funds for their maintenance.

The actual day to day operation of these offices consisted primarily of placing unskilled workers in temporary positions, often only day jobs. The majority of the men who used exchange services were what the private agents considered the chronically unemployed or the unemployables. According to the first superintendents in Michigan, the fact that the public offices did not charge a fee tended to attract applicants who for reasons of age, physical infirmity, or other disabilities had little hope of obtaining work through any other means. As a result throughout this period, the public offices were forced to concentrate their efforts on placing people with whom the other agents would deal. From 1905 to 1916 the number of
people using the public offices increased dramatically, in 1906 the Michigan offices placed 9,000 workers as compared to 91,000 workers who were placed by the public offices in 1916. This was due largely to the fact that employers who were in the market for unskilled cheap labour began to frequent the state-run offices. As early as 1909, the work of the public offices had increased by over 50 percent. Unfortunately this was largely due to the influx of casual labourers and farm hands. Another group of steady customers for the state exchanges was female workers looking for positions as day workers, laundresses, and waitresses. Such women accounted for over 60 percent of the female placements made by the public offices.

The public employment offices in Michigan received requests for help from three basic areas, the automobile industry, farmers, and people looking for casual labour to do odd jobs. The majority of these jobs seldom lasted for more than a month and often for less than a day. Due to the fact that the public employment offices had been catering to the needs of the unskilled workers more than any other group, the industries which relied on this type of labour began to view the public offices as the best place in which to obtain it. According to one official of the Michigan Department of Labor, the reason for the increase in the quantity of people using the exchanges was that by 1909 most employers in the state came to the realization that their demands for common labour could best be met by the state
employment offices. However, this was not a very accurate analysis of the conditions in Michigan. The reputation the offices had of dealing primarily with unskilled workers continued to isolate them from the majority of employers. It also hurt their chances of competing with the private agents. 105 The supply of seasonal farm hands was another major area of the public offices' work. Throughout the first ten years of their existence the offices were always hard pressed to meet the demand for farm help during the harvest season. Female help was also an area of high demand, one which the public offices had difficulty meeting. As one office superintendent stated, there were never enough female day workers to fill the open positions. 106

Although these offices were continually increasing the number of people they placed every year, they were not actually decreasing the number of unemployed in Michigan. The majority of the placements were only for temporary jobs which often did not last more than a day. Frequently they led only to a few hours of employment. The statistics provided by the public offices fail to mention this fact. They were obviously intended to create the impression that most of these placements were permanent. In fact many of the positions filled by these offices were often taken up by the same workers, who after completing one job would return to the office to obtain another. The office records did not reveal this fact. The number of positions filled should therefore not be taken as a sign that there was a noteworthy
decrease in the numbers of unemployed. The public exchanges were in reality only helping a limited few. Furthermore, the offices had no way of ascertaining whether a worker who was sent to a job actually obtained it. They merely assumed that he did and recorded this as a fact in their records. The end result was a greatly inflated rate of placements. The motivating factor behind this approach to statistics was the perceived need to show the government the importance of the exchange work and the fact that there was a demand for their services.

The movement for public employment offices in Michigan, as in the United States in general, grew out of a desire to limit the ravages of unemployment and the abuses of the private employment agents. The offices were established by the state governments in order to combat both of these problems through efficient service and honest methods. In Michigan, however, the first ten years of exchange work were not marked by good success. The reasons for this can be seen in the neglect which the state administration showed towards its own creation. The lack of government funds and the ensuing problems prevented the public offices from accomplishing their mandate.
Chapter One Endnotes


17. *Ibid.*, 76.


Reform (New York, 1980), XII.

20. Ibid., 3.

21. Ibid., 34.

22. Ibid., 33.


24. Ibid., 3.

25. Ibid., 3-4.


27. Ibid., 353.


39. Henry G. Hodges, "Statutory Provisions for and
Achievements of Public Employment Bureaus," 
Annals of the American Association of Political 
and Social Science 59 (May 1915), 176.

40. Henry G. Hodges, "Progress of Public Employment 
Bureaus," Annals of the American Academy of 
Political and Social Science 59 (July 1915), 95.

41. Charles B. Barnes, "Public Bureaus of Employment," 
Annals of the American Academy of Political and 
Social Science 59 (May 1915), 189.

42. "Proceedings of the First Annual Meeting of the 
American Association of Public Employment Offices," 

43. Leiserson, "The Movement for Public Labor Exchanges," 
715.

44. "A Discussion of Public Responsibility," American Labor 
Legislation Review 4:2 (July 1914), 258.

45. Ibid., 259.

46. Leiserson, "The Movement for Public Employment 
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1935), 18-25.

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50. Idid.

51. Ernest L. Bogart, "Public Employment Offices in the 
United States and Germany," in John R. Commons ed., 
Trade Unionism and Labor Problems (New York, 1967), 
614.

52. Leiserson, " The Movement for Public Labor Exchanges," 
707.

53. Sutherland, "Unemployed and Public Employment 
Agencies," 143.

54. Harrison, Public Employment Offices, 1.
55. Ibid.


57. Ibid.


64. Ibid.


66. Ibid., 79


68. Ibid., 304.


73. Sutherland, "Unemployment and the Public Employment Agencies," 145.


78. Figures compiled from the totals provided in the report of the commissioner of labor to the governor, boxes 18, 19, and 20, Record Group 50, *Executive Record*, State Archives of Michigan. (hereafter S.A.O.M.)


99. Ibid., 305.


101. Figures compiled from the *Annual Reports* of the Michigan. Department of Labor for the years 1905 and 1916.


103. Ibid.

104. Taken from figures provided in Michigan. Department of Labor, *Annual Reports*, 1905-1916.


Chapter Two: World War I and the Work of the Public Employment Offices.

Condition of the Public Exchanges at the Outbreak of World War I.

The outbreak of hostilities in Europe did not improve the employment conditions in the United States. On the contrary, the war reduced the European markets for American goods and resulted in a significant increase in the number of unemployed on this side of the ocean. But neither the state nor the federal governments introduced programs to deal with the increase in unemployment. In the years before the American intervention, even those institutions which already existed continued to be ignored by American governments.⁠¹ As before, the problem of unemployment was not of primary concern to American governments.⁠² The state-run free public employment bureaus were a prime example of this situation. As late as 1916 these offices were poorly maintained, inadequately funded and very badly run, at a time when the number of unemployed Americans was increasing dramatically. Not only unskilled labourers felt the detrimental effects of the war, but a significant number of skilled and professional workers also found themselves out of work. The war increased the number of unemployed in all areas.⁠³ Governments, however, continued
to ignore the problem and did not attempt to deal with it in any significant manner.

Shortly after the American entry into the war in April 1917, the public employment offices throughout the United States experienced a tremendous increase in the volume of cases they handled. American involvement in the war created a situation in which unemployment virtually ceased to exist. For the first and only time in their history, the Michigan labour exchanges found that they had a surplus of jobs available to offer their clients. The offices now had to find workers for vacant jobs, not jobs for unemployed workers. Enlistment by the army and the growth of war production opened millions of positions. Both employers and government officials realized that it was of crucial importance to the American war effort that these jobs be filled. The Michigan commissioner of labour in 1917 stated that "the solution of the employment problem is of greatest importance to the individual, but at times such as we are passing through, it is of even greater importance to the nation." As a consequence, the public offices began to receive substantial support from the government. A period of tremendous growth and accomplishments ensued in the United States at large and in Michigan in particular. The offices began to work in all fields of labour, securing workers for all types of jobs. They were no longer simply confined to finding work for the difficult to employ. The majority of the jobs filled by the public offices still
required primarily unskilled workers. Nevertheless, employers were now frequenting the state exchanges in order to be able to meet their labour requirements. This development in turn resulted in an increase in the number of skilled workers using the offices. Employer use of the public offices was very beneficial to the latter's reputation. The situation developed to the point at which employers were actually hiring people with little or no experience to fill positions which required highly trained workers. Employers were willing to train these people at their own expense. During this period of intense labour shortages the demand for women to fill factory jobs greatly increased as well.

In order to keep up with the ever increasing demands of employers for workers, the Michigan public employment offices had not only to become more efficient and better organized, they had also greatly to increase their area of operations. By late 1918 Michigan had a total of nineteen full time public employment offices in operation. All of these cooperated fully with one another. Thus for the first time the offices formed a highly efficient service. The result was that they were able to meet most of the demands made on them.

It would, however, be an error to give the government of Michigan full credit for the accomplishments of the public employment offices during the war years. As had been the case in the prewar years, the Michigan legislature
continued to ignore the needs of the employment offices and provided them with barely enough funds to meet their minimal requirements. Little had changed in the attitude of the Michigan government towards the public offices, as can be seen from an examination of the Michigan Department of Labor's budgets during the war years. In 1914 the department had received an appropriation of $40,000 to meet the cost of its activities. The public offices had obtained 21 percent of this money. In 1917 the department received $45,000, of which 26 percent went to the public offices, only 5 percent more than in 1914. The state's allocation had not increased substantially, yet there was a marked improvement in the quality and quantity of the exchange work. The primary reason for this development can be traced to the direct intervention of the federal government through the intermediary of the United States Employment Service (U.S.E.S.).

Federal Influence on the State Offices.

The U.S.E.S. was the motivating force behind the success of the public employment offices during World War I. In Michigan nine of the nineteen offices operating in the state were wholly run and maintained by the federal service. The remaining ten state offices were heavily subsidized by the U.S.E.S. This service was instrumental in unifying all of the state offices, and it insured that they all worked together closely and efficiently. It was the centralizing force behind their success. By working
closely with the state offices and by opening offices in areas where none existed, the federal service was able to achieve what reformers had been advocating since the early establishment of the public offices. It was able to centralize the American labour market, and by so doing it could effectively deal with labour shortages wherever they arose. With this type of control the federal service was even able to import workers from Mexico and the Caribbean whenever the available American labour supply was not sufficient to meet the demands of industry in a particular area. The federal service was able to do all of this work mainly due to the fact that it was very well funded and efficiently managed during the war years. Unfortunately this was to be a short period of success both for the U.S.E.S. and the state offices it influenced.

The U.S.E.S. was originally created as a bureau of the Immigration Department in 1907. Its job was to help place immigrant workers in areas of the United States requiring their services. Although the law creating the service was occasionally understood as meaning that the service could be used by citizens just as much as by immigrants, it remained largely an immigrant service until the outbreak of World War I. Its task was primarily to place immigrants in agricultural areas. This service was also used as an information gathering agency, and from the first years of its existence it provided information about the labour situation in the United States. It was not until 1910 that
the federal service made any attempt to deal with common industrial labourers, and even then this was done only on a very small scale.\textsuperscript{13}

Before the American intervention in World War I all attempts to create a well-organized and efficient federal service which would deal with all types of labour problems had failed. The federal service, like those in the individual states, suffered from a severe lack of government interest and financial support.\textsuperscript{14} The main reasons for this were the opposition of leading businessmen and employer organizations. The only people who showed any concern about the fate of the federal service were the social reformers of the time. They realized that a strong centralizing force would be an essential part of any attempt to deal with the problems of unemployment through the use of public employment offices. However, the federal government, in the same manner as the state governments, did little more than authorize the creation of a token service primarily to please these reformers.

World War I was a turning point in the history of the federal service. Even though the immediate effect of the war had been an increase in unemployment, by mid-1915 this situation had begun to change. The war had seriously cut down on the number of European immigrants entering the United States, and the increasing demands of the belligerents were taxing the ability of American labour to keep up production. The shortages of labour were evident
even before direct American involvement in the war. As a result employers and officials began to realize that the government would have to establish some sort of program to deal with the problems created by this situation. Washington responded to such employer demands with an improved and expanded federal employment service. By 1915 an "enlarged system for registration and placement" was put into effect. The country was divided into eighteen zones with an office in important cities and sub-branches in each zone. These new federal offices worked closely with the existing state-run offices, and together they formed a well-organized, efficiently run and highly centralized national employment service. At its peak this service handled more than 3.7 million registrations, of which about 2.7 million were placed in permanent positions. This represented a placement rate of approximately 73 percent.

**The Work of the Public Exchanges During World War I.**

As has been noted, the primary task which the employment offices faced during the war years was locating workers for almost every field of labour. To this end the U.S.E.S. launched a nationwide advertising campaign using movies, posters, letters and newspapers in order to attract workers to their offices. The results of this advertising campaign were very substantial. In Michigan the period from 30 November 1916 to 30 November 1918 represented the period of greatest activity in the history
of the Michigan public employment offices. The offices in the City of Detroit provide a good example of this. Whereas in 1916 they had placed 51,289 workers, in 1917 they placed 58,954, an increase of 14 percent. In 1918 this figure increased to 68,457 which represented a 16 percent increase over 1917 and a 33 percent increase over 1916.\textsuperscript{20} The number of placements made statewide in Michigan was the highest ever. Before the New Deal the Michigan public employment offices never again achieved this type of success. Here as elsewhere in the United States the number of women placed in factory occupations by these offices also increased dramatically. No longer were the public offices sending women to domestic positions. The service was actively seeking and encouraging women to take positions in the war industries.\textsuperscript{21}

Compared to the prewar years, the work of the Michigan employment offices was impressive during the war. Under centralized control and with adequate funding these offices proved that they could achieve what the reformers had always claimed they could. They managed to organize the labour market and thereby control the labour reserves. This in turn enabled them to meet most of the requests made by American industry, even at a time when labour was very scarce. However, the system which evolved during the war was not cheap. The expense for the federal government which the U.S.E.S. represented was quite substantial. In fact, if the war had continued, even higher appropriations may have
been provided. The projected budget of the federal service for 1919 called for the expenditure of over fourteen million dollars. Due to the fact that the hostilities ended, the service received only five and a half million in 1918, from which 1.8 million was later cut.22 The end of the war thus brought with it a drastic decline in the fortunes of the American employment services.

The number of skilled workers placed by the public offices also increased during the war years. No longer did the private agents hold a monopoly on skilled labour. The primary cause of this was the fact that employers were now using the services provided by the public offices. Skilled workers who had stayed away from these exchanges due to the fact that few employers used them, now began to frequent them more often. This trend was very much visible in Michigan. Although the number of unskilled positions filled by the public offices was declining, the overall number of placements was increasing. While much of the growth was due to the greater number of women placed, the number of skilled labourers using these offices also increased substantially.23

The problems caused by the private employment agencies did not diminish during the war years, because they continued to impede the work of the public offices in various ways. Not only did a number of these agents continue to defraud workers, many also hampered the attempts of the public offices to deal effectively with the
existing shortages of labour. One of the primary complaints against the private agents, levelled at them by the director general of the U.S.E.S., was that they were "continuously luring men from one job to another." They did this in order to increase turnover in industry. The greater the amount of worker turnover, the greater were their chances of obtaining clients. By promising better wages and often better conditions, they were able to increase labour fluctuations in certain areas. This behaviour not only increased the labour shortage in various industries; it also often kept the same workers moving on a continual basis. Some workers spent more time going from one job to another than they actually spent working in any one industry. This pattern seriously hampered the work of the public offices, which already had enough problems trying to fill legitimately vacant positions without needing the worry about the obstacles created by the private agents.

The Michigan Commissioner of Labor, Richard M. Fletcher, opposed the private agents because of their actions and also because he did not agree that workers should be made to pay in order to obtain work, at a time when jobs were in great supply. As a result he opposed the law-abiding as well as the corrupt agents. "As long as men and women have to pay a fee for the opportunity of getting employment," he stated in his annual report for 1917, "we must assume the position as direct competitor of the
private employment agencies.26 The commissioner argued that the removal of the private agents could be accomplished in one of two ways. The first method involved the expansion of the public offices to provide substantially more competition to the private agents. In his opinion the only feasible way to accomplish this goal would be to "establish a free employment office in every city where a private agent has found it profitable."27 This strategy, however, would have been very expensive, and the commissioner thought it unlikely that the state government would authorize such a program, especially in view of the fact that in the Detroit area alone over thirty private agencies plied their trade.28 The commissioner's second plan was not only cheaper but ostensibly much more efficient. He thought of abolishing private agencies in Michigan completely. "I would further recommend the absolute abolition of the so-called private employment bureaus, where a fee is charged," he stated, "for the reason that there is no result obtained by them, that cannot be obtained by the federal and state bureaus, without cost to the applicant."29 The state government, however, took no action in either direction, and the private agents continued to operate freely in Michigan. The law enacted in 1913, inefficient as it was, remained the only impediment to their activities.

The Michigan employment offices were not totally free from the problems which had plagued them in the prewar
years. During the war they continued to suffer from a severe lack of state funding. The money they received from the state during the war was only slightly increased from the prewar amount. Their success was largely a result of the funding they received from the federal government. However, in order to obtain the federal allocation they had to cooperate with the federal service and could not act independently without risking the loss of this financial support. Another problem which still plagued the public services of Michigan was that of political appointments. Most of the people running the state offices had been appointed to their positions due to patronage. The majority of them had scant preparation for this exchange work and could not run them efficiently without intensive guidance. Things went well during the war, because the federal service provided direct supervision. When the war ended, the lack of ability and expertise of its personnel proved to be a heavy burden on the public employment offices.

The End of the War and Its Effects on the Public Exchanges.

The end of hostilities in Europe meant the return of thousands of workers. This expansion of the work force, combined with the corresponding decline in the demand for the products of the war industries, resulted in an end of the labour shortages which the war had created. The employment situation in the United States was once again reversed. Employers now had more workers than they could
employ. As a result they no longer felt they needed a federal employment service. In a complete reversal of their previous attitude, they now actively opposed the continuation of government involvement in the exchange field. Employers claimed that the U.S.E.S. was wasteful, inefficient, provided inferior personnel, and helped union men secure positions in non-union firms.30 They wanted it abolished, primarily because it was no longer of importance to them. Employer organizations, of which the National Association of Manufacturers (N.A.M.) proved to be the most determined, once again took up the fight. These organizations voiced many of the same complaints as did independent employers. They were primarily concerned that organized labour would gain control of the federal service and use it to weaken their position in wage and benefit disputes.31

The end of the war also weakened the position of the U.S.E.S. in its relationship with the federal government. Wilson's administration now had many problems to confront, and unemployment was not one of the government's major priorities. The U.S.E.S. was a heavy financial burden. As the war was over and there was no longer a national need to keep up the high production rates of the war years, the government saw no need to maintain a high level of spending. The projected budget for 1918 was halved and a further 32 percent was later taken from this reduced fund. As a result the U.S.E.S. was forced seriously to cut back
on the services it provided. The war branches of the service were discontinued almost immediately. By mid-July of 1919 only a skeleton of the former organization remained, operating on a budget of $400,000. The federal service was reduced to a mere shadow of what it had been during the war.

The new paucity of money meant that the federal service had to cut down its field operations as well. It therefore began to remove itself from the day to day operation of the employment offices. The offices which had been under its direct control were turned over to the municipalities or states. As a result many were simply closed. This occurred at a time when opportunities for employment in the United States began to be very scarce. By early 1920 the U.S.E.S. had regressed to its prewar role of functioning as little more than a clearing house for information about labour. It simply did not have the financial resources to do much else.

As was to be expected, the federal cut-backs had a negative influence on the work of the Michigan public employment offices. It had been largely due to federal support that the state offices had managed to achieve any measure of success during the war. The withdrawal of federal funds resulted in a return to prewar conditions for the state run offices. While during the war Michigan had had nineteen offices in operation, by late 1919 only twelve were still operating. As the Michigan service had entered
the war with only ten offices of its own, the addition of
two more could appear to be a step forward. But these new
exchanges were very small and conducted only little
business. (In 1919, for example, the Traverse City office
placed only a total of 284 people, 199 males and 87
females.) In any case, both of the new offices ceased
operations in the early 1920s.

The figures provided by the annual reports of the
Michigan Department of Labor for 1919 and 1920 show a steep
decline in the amount of work conducted by the state
exchanges after the war. In 1918 eight of the Michigan
offices alone had placed over 116,473 labourers. By
1919, however, all twelve of the Michigan offices placed
only a total of only 107,585, and by 1920 this figure
dropped to the dismal level of only 32,546 placements.

The Commissioner of Labour, Carl Young, stated that "I
consider 1920 to be the hardest year on employment that
Michigan has ever encountered." The reason for the
decline in the number of people placed by the offices was
not a lack of unemployed workers, but rather a lack of
government commitment to the operation of the public
employment offices. Commissioner Young complained bitterly
to the state's governor regarding the condition of the
public offices. He claimed that so long as the offices had
been useful to the business interests of the state, they
had received adequate funding. When they were needed most
by the unemployed, however, both the state and federal
governments abandoned them. But his complaints were to no avail; the lack of government support at the end of the war thus resulted in a situation in which the offices were worse off than they had been in 1916. Once again they were in no position either significantly to alter the employment conditions in the state, or to compete against the private agents.

The situation which existed at the end of the war provided the private agents with the ideal conditions to conduct a profitable business. High unemployment, a declining demand for workers, and the lack of an efficient government service to deal with this condition allowed them to increase their operations significantly. In 1919 alone Michigan issued thirty-eight licenses to new agencies. These agencies opened in order to fill the gap which the decline of the U.S.E.S. and the corresponding reduction of the state services had created. The problem was that these private agents for the most part continued to practice unscrupulous business methods. Since the public offices were once again ignored by both employers and governments, fairer treatment of the workers by the private agents was not to be expected. As had been the case in the prewar and war years, the officials of the public bureaus continued to advocate the regulation of the private agents. The idea of total abolition was still quite popular. Among the advocates of this solution was the new Commissioner of Labor Carl Young. He argued that the superiority of the
private agents in numbers alone had made it impossible for the public offices effectively to compete against them. In Detroit, for instance, the public offices were outnumbered twenty-three to two. To eliminate the abuses, abolition was therefore in order. But this proposal remained as fruitless as similar demands before the war.

The question of why the American governments again neglected the public labour exchanges is one which needs to be answered. In the years before the outbreak of World War I, the public labour exchange was still an experimental idea, and it was therefore not surprising that both the federal and state governments were not willing to risk large sums of money on these operations. The accomplishments of the offices during the war, however, clearly showed that they were well worth the money spent on them. Through their efforts vital war industries were kept supplied with labour. Why, then, did the federal government withdraw its financial support for these offices almost immediately after the end of the war?

Both in the pre-and post-war years the primary task of the public employment offices was finding work for the unemployed. As long as this was the case, the government ignored all but their basic requirements. The most successful public employment offices came into being not to locate job opportunities for the unemployed, but to find workers for the open jobs which came into existence as a direct result of World War I. The establishment of the
public employment offices was due to the increase in labour unrest, work stoppages, and the fact that many workers were leaving industry. The war drained the huge labour reserves which had always existed in the United States. Consequently, employers found themselves without a source of cheap labour. This lack of cheap labour, combined with the increased demands the war made on American industry, forced employers to turn to the government for a solution to their problem. It was as a direct result of employer pressure that the American government committed itself to the creation of an efficient and successful national employment service. The federal service and the concomitant success of the state run services were direct results of the government's response to the needs of American business, not of American labour. As Don D. Lescohier has stated, their job was to "restore the labor supply."44

The end of the war brought with it the return of the labour reserves. Demobilization steadily increased the number of workers in to the United States while the demands on American industry decreased. As a result the shortage of labour ended. From the point of view of the employers, therefore, there was no longer a need for the government-run employment services. Employers now began actively to oppose the very same service which had been expanded by the government at their demand. As early as 1919 employers and their organizations began to voice their old prewar concerns about government run employment
exchanges. They feared that these offices would become the tools of organized labour. They did not want the government to run offices which they claimed would be recruiting grounds for the unions.

The results of this opposition by the nation's employers were predictable. Federal funding for the U.S.E.S. was cut dramatically and the work of the federal offices all but ceased completely. After the war the national employment service reverted to its prewar condition. The program suffered again from too little money, lack of personnel, and an absence of qualified administrators.\textsuperscript{45} In short, the American government was once again catering to the demands of big business without any consideration for the effects this policy would have on the condition of American workers.

The Michigan public employment offices suffered the same fate as the U.S.E.S. The funds of the Michigan service were also drastically reduced, and the quantity and quality of the exchange work declined steadily. The retrenchment of both the federal and state employment services is a good example of the thesis put forth by Gabriel Kolko in his book \textit{The Triumph of Conservatism}. As an example of a reform which emerged during the Progressive Era, the public employment offices were not at all successful until the big business interests in the United States had a direct need for them. After business interest evaporated, the offices lost their importance. The example provided by the public
employment services supports the argument that many of the reforms undertaken by American governments at this time, were put into operation only when they did not conflict with the interests of American industry. Reforms which ceased to be beneficial to it were quickly abandoned by the government. This attitude towards social reform is quite evident in the experience of public employment services both on the federal and state levels.

It might be argued that the conditions during the war created a situation in which the government of the United States had no choice but to create an efficient employment service in order to maintain the high levels of war-time production. The situation which workers faced at the end of the war, however, was no less grave for them than that which employers had faced during the war. If the federal government was willing to spend millions of dollars to assist employers in obtaining labor, it should have been just as committed to finding jobs for workers. Instead the federal government cut the federal service down to little more than an information gathering service. The U.S.E.S. budget for 1919 was a mere 10 percent of what it had been in 1918 at the height of the war.46 Evidently the federal government was much more attentive to the concerns of employers than it was to those of labor.

The war years represented the period of highest productivity for the public employment offices. The unusual circumstances which the war created forced American
governments to run the offices efficiently. As a result the latter offices were able to demonstrate that they were fully capable of handling American labour problems. This performance proved that the early advocates had been right, when they claimed that the offices, if adequately funded and efficiently run, could achieve their primary goal, the centralization and control of the labour reserves.

The end of the war resulted in an end to the successful era of the public employment offices. Regardless of their achievements the governments of the United States once again began to reduce them to a minimum. The offices reverted to their previous condition of inefficiency and lack of substantial success. By 1920 the public employment offices in the state of Michigan were in the same position as before the outbreak of war. Some observers would even argue that the condition of the offices was worse. Unemployment had reached unprecedented proportions, private agents were opening up at a very rapid pace, and the public offices had neither the personnel nor the financial backing to alter the situation significantly. The mood of the nation at the end of the war simply did not allow for unemployment to be a government priority. The public employment offices in Michigan were once again ignored.
Chapter Two Endnotes


2. Ibid., 2.

3. Ibid.


6. Figures in the Michigan Department of Labor, *35th Annual Report, 1917*, show an increase of 5-6 percent in the number of skilled workers placed by the public offices.


11. Ibid.


13. Ibid., 4.


16. Ibid.

17. Ibid.

18. Ibid., 42.


21. Ibid.


27. Ibid., 21.


33. Ibid., 50-53.


37. Commissioner of Labor Carl Young to Governor, October 1921, Box 21, Record Group 50, Executive Record, S.A.O.M.

38. Commissioner Carl Young to Governor, 22 January 1922, Box 21, Record Group 50, Executive Record, S.A.O.M.

39. Ibid.

41. Carl Young to Governor, 22 January 1922.


Chapter Three: The Decline of the Public Employment Offices Before the New Deal.

The Decline of the U.S.E.S. and Its Effects on the State Exchanges.

The condition of the free public employment offices in Michigan during the 1920s deteriorated. The offices had fallen to their pre-war condition by the early 1920s, and by mid-decade they were almost useless. The primary factors leading to the decline of the public employment offices were the following. The organizational and operational gains which had been made during the war were lost when the operations of the U.S.E.S. were cut back by the federal government. The government of the state of Michigan continued to treat the offices as little more than a political sop to workers and social reformers. As had been the case in the years before the war, state legislators ignored the basic financial and administrative needs of the service. Inadequate funding and inept staff continued to be the leading causes of failure. In addition to these problems, the Michigan employment offices were also confronted with the growing and effective competition created by the private employment agencies operating in the state. Employers, for their part, had abandoned the public employment offices as early as 1919 and continued to pressure the state government with the goal of eliminating
them altogether. As a direct result of the prevailing employer attitude the better classes of labour, both skilled and unskilled, did not patronize the offices. This situation was very similar to the one which had existed before the outbreak of World War I. Lastly, it appears that the weakening of social reform movements in the 1920s in general was also an important factor in the decline of the public employment offices.

The shrinking of the U.S.E.S at the end of World War I had a detrimental effect on the Michigan public employment offices. The organizational form and centralized control which the federal service had established during the war were gradually abandoned in the early 1920s. By 1923 the U.S.E.S had become little more than an information gathering service. It functioned primarily in a supervisory fashion and as a clearing house for information regarding labour conditions throughout the United States. It was now dependent on the state services for the actual placing of workers and obtaining the information it required. The field operations of the U.S.E.S had dwindled to an almost non-existent level. In Michigan there were a total of three federally run offices whose primary task was the collection of information, not the placement of workers. These offices were eventually also closed, and the federal service ceased to operate offices in Michigan until the 1930s. Each state office, however, was assigned one federal agent whose primary task it was to gather information.
Although the federal service continued its attempts to organize and centralize the operations of the state-run services in order to provide workers with efficient if limited help, underfunding prevented it from achieving the success it had enjoyed during the war. The individual state services reverted to their pre-war isolation from one another, and the offices within each service had little knowledge of the employment situation outside their particular area of operations. Aside from gathering and publishing the information collected by the individual offices, the federal service was unable to do anything to increase co-operation and communication among them. The lack of adequate funding and qualified personnel made such attempts on the part of the federal service impossible. Although the federal service continued to exist throughout the 1920s, it was powerless to change or even have much of an influence on the work of the state run public employment offices. The federal government made no attempts to revive the U.S.E.S during the 1920s because there was no interest in a revived employment service.4

The decline of the U.S.E.S. had a negative effect on the work of the Michigan public employment offices. Without the centralizing force of the U.S.E.S and any solid commitment of the Michigan Department of Labor, the public employment offices found themselves ill-equipped to lead the fight against unemployment. They lost what little control they had had over the Michigan labour reserves, and
they were unable to meet the needs of workers or the limited requests of employers. In short, the employment offices had fallen to the same if not a weaker position than they had occupied before the war. Inadequate funding, lack of employer and worker support, decentralization and isolation from each other, as well as inept administration created a situation which made it difficult for the offices to survive.

Even in its much diminished capacity, however, the U.S.E.S. was still able to provide some assistance to the beleaguered Michigan offices. It was primarily due to this limited assistance that the Michigan exchanges remained affiliated with the federal service. The U.S.E.S published the reports of the offices, helped out with emergency funds when needed, and extended the franking privilege. Although these services appear not to have been of great significance to the operation of the state offices, they represented a substantial monetary saving for the offices at a time when they had very little money to spare.

In an attempt to cut operating expenses, the Michigan Department of Labor ceased publishing its annual reports in 1920. Although this action was met with some opposition from organizations which found these reports useful, the department did not resume publishing reports until 1931. Had it not been for the publishing activities of the U.S.E.S., the Michigan public employment offices would have had no means to judge their work from one year to the next
or to be informed of the employment situation outside their own area of operations. As of 1 January 1924, all records of the Michigan public employment offices were forwarded to the third district office of the U.S.E.S in Chicago. Henceforth, all of this information was published in one of the two publications put out by the U.S.E.S, The Industrial Employment Information Bulletin and the Monthly Report of Activities of State and Municipal Employment Services Co-operating with the United States Employment Service. Michigan items were included in these publications for all but two years of their existence. Between October 1927 and October 1929 the publishing and the franking privileges were denied the Michigan offices because they had begun charging a one dollar fee for their services in 1927.

The U.S.E.S. furnished limited financial assistance to the state services. In times of emergency it provided relief funds, in addition to the aid it granted during normal operations. In terms of direct financial assistance, the Michigan public offices received a total of $1200 in 1924. This was not a staggering sum by any means, but it was help that augmented what the state legislature was willing to provide. By far the most valuable service extended to the state services by the U.S.E.S was the franking privilege. That this was an important service is evident in the comments made by the then Michigan commissioner of labor Eugene S. Brock to the governor upon the readmission in 1929 of the Michigan offices to the
U.S.E.S. In his letter the Commissioner stated that this service meant "at least $500 or more a year in a saving of postage stamps and stationary, and at least $200 in supplies."\(^9\) This combined saving of $700 was a substantial sum for a service which was barely surviving on its yearly appropriation. The Michigan public employment offices were in such a poor financial position that they were dependent on a federal service which itself was in financial difficulty in order to cover the expenses of their day to day operations.

The attitude of the Michigan government towards the financial and administrative needs of the public employment offices had not improved from the pre-war years. Indeed, the state government had in fact adopted a more contemptuous approach toward its exchanges by the late 1920s. It viewed these offices as little more than a give-away to labour and social reformers and used them mostly as a dumping ground for political. Many state politicians continued to support the argument that such a service would deal with the problems of unemployment. In reality, however, they did little to expand and strengthen the service which already existed.

In any case, by the late 1920s politicians in the United States had begun to search for other methods to deal with the problems of unemployment. Unemployment insurance was emerging as the leading choice. As had been the case with the development of the first public employment offices
in the 1890s, one of the first politicians to support unemployment insurance was from Michigan. In 1922 Senator James Couzens, the former mayor of Detroit, introduced a senate resolution (S. Res. 219) which provided "for an analysis and appraisal of reports on unemployment and systems for prevention and relief thereof."¹⁰ The immediate result of this search for new methods was a further loss of prestige for the public employment offices. They were no longer the primary choice for the solution to the problems of unemployment. State governments could therefore more easily ignore them, and in Michigan the public employment offices became ever more a source for patronage positions.

Funding for the Michigan Department of Labor in the 1920s did not suffice to cover the services the department was expected to provide. The department was in such dire financial straits by 1922 that it was not even able to afford the hiring of one more desperately needed factory inspector.¹¹ As a result it was forced to cut back on some of its services. Among them were the public employment offices. This situation did improve throughout the 1920s, but although the amount of money the department received grew, the increase fell short of the department's requirements. By 1926 the department was appropriated $200,000, later cut to $188,000.¹² Although these sums represented a substantial increase over the $45,000 the department had obtained as late as 1919, they were still
not enough to cover the expenses incurred by the department in the later 1920s. Consequently the department began to accumulate a deficit. In 1928 it amounted to $31,100 and was expected to grow by $8,000 in 1929.\textsuperscript{13} In its attempts to eliminate this deficit the department reduced its services further and laid off a substantial number of workers.\textsuperscript{14}

The service which bore the brunt of the labour department's cut-backs was the public employment service. The share of the department's appropriation received by the public employment offices declined continually throughout the 1920s. In 1916 the public employment offices accounted for approximately 25 percent of the Department of Labor's annual appropriation, or about $11,200.\textsuperscript{15} By 1929 this figure had decreased significantly.

The public employment offices were hit hardest because they had ceased to be of primary importance to the department. The latter was more concerned with other projects, such as the administration of workmen's compensation. As a result, the salaries of officials within the employment offices were virtually the same in 1929 as they had been at the outbreak of World War I, on average about $1200 annually.\textsuperscript{16} The smaller offices also represented a very minor expense, as they were run for an average yearly expenditure of between $1700 and $2000.\textsuperscript{17} By 1929 the Michigan public employment offices accounted for approximately $25,000 of the labour department's budget.
or 13 percent of the department's annual appropriation. This represented a proportional drop of 12 percent since 1916. The state government did little to improve the condition of the employment offices at this time. The legislature refused to create a separate appropriation for the offices, and the government did not require that the Department of Labor maintain a steady level of financial support for them.

The decline in the financial support given to the public employment offices by the Department of Labor did not begin until the mid-1920s and was a direct result of the state government's cavalier approach to the work of these offices. Under the direction of Commissioner Carl Young, which lasted until 1923, the labour department was very much concerned with the work and success of the public employment offices. Commissioner Young fought against the practice of staffing the offices with political appointees and attempted to expand the influence of the offices by opening new exchanges whenever possible. In a letter written to the governor in February of 1922, the commissioner complained bitterly about the work of Agnes C. Palmer, the superintendent of the Women's office in Detroit. He argued that she was incompetent and inefficient and that he believed that she was somewhat corrupt. Mrs. Palmer was a typical political appointee and had obtained her position through the influence of the governor. As for the opening of new offices, Young authorized the
creation of the Houghton office simply because the residents of that area requested one. By 1924 Michigan had thirteen operating offices, five more than at the end of the war. These offices were located in Battle Creek, Bay City, Detroit, Flint, Grand Rapids, Houghton, Jackson, Kalamazoo, Lansing, Marquette, Muskegon, Saginaw, and Traverse City.

Problems Faced by the Michigan Employment Offices in the 1920s

In mid-1926 the Department of Labor's approach to the public employment offices began to change, and by 1929 it was completely reversed. There were two related factors leading to this change. One was simply the noticeable improvement in the Michigan employment situation, the other was the government's policy of introducing a fee for the use of the public employment offices. From 1924 to 1928 the employment situation in Michigan improved. Most people looking for work were generally able to find it. The automotive industry was working at almost full capacity, and very few plant closures or production slowdowns occurred in other industries in the state. The reports published by the U.S.E.S. often mentioned labour shortages. Shortages of skilled labourers and farm hands were common throughout these years. Most of the unemployment in Michigan was found primarily among unskilled or common labourers. The reports often mentioned "slight surpluses of
common labour," most often during the winter months.25 Except for the first months of 1925, when a surplus of labour was usually found in most of the industrial centers in Michigan, unemployment was not a primary concern in the mid-1920s.26 The cause of the higher levels of unemployment reported in the opening months of 1925 was the influx of out-of-state workers looking to find a job.27 By May of 1925, this surplus of workers had dwindled in most cities across Michigan. Detroit, for example, had reached a point where the supply of labour was barely equal to the demand, while other industrial centers were suffering from shortages of skilled and semi-skilled workers.28 Even though there were times when unemployment increased, the employment situation was generally very favourable to workers from 1924 to 1928.

Owing to these improved employment patterns, the state government began to reduce the services which catered to the unemployed and labour in general. The labour department's budget, for example, was reduced by $12,000 in 1927. This inevitably resulted in the reduction of funds received by the public employment offices. This financial cut-back, however, did not represent the beginning of the public employment offices' troubles. Government intervention in the work and organization of these offices began as early as June of 1926, when the state government ordered the closure of the Traverse City office.29 The most detrimental action of the state government came in
1927 when it introduced legislation which would eventually cause the closure of four more offices.

On 1 January 1927 a new law dealing with the operation of the public employment offices came into effect. The law stipulated that the public employment offices would now charge a fee of one dollar to people using them. Clients who could not afford to pay the fee at the time of registration would be allowed to pay it after he or she had obtained work. If there was little or no possibility of a person obtaining a job, that person was encouraged not to register with a public employment office. By adopting a policy which forced the public employment offices to discourage certain workers from registering, the new law was in direct opposition to one of the basic objectives of the public employment offices, the gathering of information concerning all workers and the pledge to help all of the unemployed in the state. The new law made it very difficult for the lower classes of workers to obtain assistance in finding work. Previously the public employment offices had represented the last chance many of these workers had had to obtain jobs. By charging a fee the offices isolated themselves from the people who most needed their assistance.

In defense of its law the government of Michigan argued that the fee was designed to improve the image of the public employment offices, not to isolate them from the lower classes of labour. The commissioner of labour at the
time argued that "the theory of offering this service without cost appears to be sound, but actual practice and experience has demonstrated, not only in this state but elsewhere, that wage earners have scorned to make use of the Free Employment Bureaus because they believed it smacked of charity." The fee was therefore an attempt to remove the stigma of charity from the public employment offices. The government was well aware, however, that the primary reason for the neglect of the public employment offices by skilled labourers was the simple fact that employers did not patronize the offices on a regular basis. The supposed stigma of charity had little if anything to do with this. Experience had shown that when employers made regular use of the public employment offices, the skilled and higher classes of labour also appeared there.

The commissioner of labour further justified the imposition of the fee by claiming that it would improve the quality of the work done by the offices. He believed that the policy of charging a fee would lead to an improved attitude of the office workers towards the work they were doing. It would, he believed, make their work appear to be more legitimate and worthier of greater attention. This would in turn increase the efficiency of the public employment offices. Considering that the majority of the workers were political appointees, the commissioner's expectations were somewhat unrealistic. Most of the workers in the offices had little or no knowledge of the work they
were meant to accomplish, and the majority of them were not really interested. They had taken the jobs as political payment for past services and put in as little effort as possible. Whether or not the work they did was considered worthy of attention by the government or the public in general was of little concern to them.

Finally, Commissioner Brock claimed that most of the people using the offices approved of the fee.\textsuperscript{34} He argued that contrary to the fears of some legislators the number of applications at individual offices did not decline.\textsuperscript{35} The number of applications at individual offices did not decline, however, because some of the offices were closed down, a development which resulted in increased work for those offices which continued to operate. Thus the number of applications which the operating offices received after the imposition of the fee policy remained roughly equal to that before the fee was brought in. The policy of charging a fee had resulted in the closure of the offices at Marquette and Houghton as early as March of 1927.\textsuperscript{36} The government asserted that it had become impractical to keep these offices in operation.\textsuperscript{37} Those workers who could no longer use these offices were forced to use the services of the remaining public employment offices or do without governmental exchange assistance.

These justifying arguments might have been more valid had the Michigan government not also stipulated that under the new fee charging policy all public employment offices
were to be at least 75 percent self-sustaining. It was this aspect of the new policy which led to the closure of many offices. The improving employment conditions in Michigan combined with the competition the public offices faced from both the private and employer-run employment agencies made it almost impossible for the smaller public offices to achieve the required level of self-sufficiency. As a result by the end of 1929 a total of five offices had been closed, and only eight public employment offices remained operating. This was a smaller number than in the immediate pre-war years, when these offices were still in their infancy.

The new fee charging policy provided the Michigan government with a means to judge the work of the public employment offices and set minimum standards for their work. It also provided the government with a valid excuse to shut down those offices which it considered useless. According to government officials, those offices which could not achieve 75 percent self-sufficiency were inefficient or not in great demand, and it was therefore impractical to keep them operating. The problem with this approach was that it was very difficult for many of the smaller offices to live up to the new requirements. The Marquette and Muskegon offices, which were closed in 1927, provide good examples of this problem. In 1926 these offices placed 2055 and 2014 workers respectively. The fact that the law stipulated a fee of only one dollar
complicated matters for the offices. At this limited rate the office in Muskegon received barely enough to pay its one employee 1200 dollars, leaving only $852 for operating expenses. In short, the government's policy virtually insured that the smaller public employment offices would not survive.

The fee authorized by the government was too low, while the level of self-sufficiency expected was much too high. Had the public employment offices been allowed to charge a higher fee, closer to what the private agents were charging, they would probably have been able to achieve the level of self-sufficiency the government was demanding. Furthermore, a higher fee would have reduced the "stigma of charity" even further. That the government did not allow this shows that the motives of the government were not the elimination of the stigma of charity or an increase of efficiency. The fee charging policy served primarily as a means to close the smaller employment offices without incurring a great deal of opposition.

The new policy also created problems for the public employment offices' relationship with the U.S.E.S. The charging of a fee had as a consequence that the Michigan offices lost the small financial benefits they had received from the federal service. The loss of the federal support was another factor leading to the inability of some of the offices to meet the minimum levels demanded by the state government. The officials in Michigan were well aware of
the importance of the federal assistance to the public employment offices. It was also clear to them that membership in the U.S.E.S was dependent on the provision of free services. The result of the introduction of the new policy by the Michigan government was a two year expulsion from the U.S.E.S.

This new policy was not welcomed by all legislators, and it did generate some opposition. Senator Martin from Muskegon was very much opposed. He argued that it would destroy the public employment offices and would eventually force the government of Michigan to spend more money in the search for methods to deal with unemployment. Martin wanted to keep the offices open in order to avoid the creation of a public dole, which he believed was the only alternative to finding work for the unemployed. As he stated in a letter to the governor, he thought it "better to expend a moderate amount in assisting our unemployed to honestly earn their own living and retain their self-respect, than to have them clamoring for a government dole."41

Martin's opposition to the government's policy once again resurrected the argument concerning the actual objectives of the public employment offices. Was their primary goal to combat the problems of unemployment, or were they created to compete with the private agencies? As has been discussed in earlier chapters, this question was never resolved by the Michigan legislature. The government adopted whichever was most appropriate to the course of
action it was taking at any given time. Thus when the offices were first established, the government viewed them as a means to fight unemployment. In later years, when the problem of private agents began to surface in Michigan, the government claimed the offices were created to compete against these wrong-doers so as to run them out of business. With the increase of unemployment in the years immediately preceding American involvement in World War I, the Michigan government once again stated that the offices were created to relieve the burden of the unemployed.

By 1927, when the fee policy was introduced, the Michigan government had reversed itself again. In order to refute the argument put forth by Martin and his supporters, the government could not sustain that the primary goal of the public employment offices was the reduction of unemployment. It therefore once again adopted the position that the offices were created to fight the private agents. As Commissioner Brock stated, "the establishment of Free Employment Bureaus by the several states and the federal government came largely in response to the abuses of the private agencies which mulcted and robbed the unemployed." In this line of argument their purpose was to provide workers with an alternative to the private agents, not to combat unemployment. Those offices which were being closed under the new laws were simply not achieving what had been expected of them. They were not effectively competing with the private agents.
The fact that the Michigan government never formulated a specific task for the public offices appears to have been one of the primary reasons for the failure of the offices to accomplish either task. The government's indecision caused the public employment offices to remain insignificant in the fight against unemployment, and they were never a serious threat to the existence of the private agents.

The lack of adequate funding and the imposition of policies which were detrimental to the work of the public employment offices were not the only actions of the government which hampered their work. One of the most burdensome problems faced by the public employment offices was that of inefficient staff, due largely to the government's staffing of these offices with political appointees. As had been the case in the pre-war and war years, the government of Michigan continued to view the employment offices and the labour department itself as prime sources for patronage appointments. In the 1920s the practice of providing close political associates with government jobs as a way to repay political loyalty was very common. Government officials openly petitioned the governor to provide political workers, whom they believed were deserving of a reward, with government jobs. For instance, Senator A.F. Wood wrote the governor asking him to place a certain Albert A. Bock within the labour department. This man had been a factory worker with no experience as an administrator or office worker. His only qualification was
that he had served Wood well. The Michigan Archives yield other examples of this sort. Lack of experience was a common problem among the majority of the political appointees. The competition for these positions was substantial, and party politics played a prominent role as a factor in the governor's decisions.

This practice of appointing people solely for political reasons created numerous problems for the public employment offices. The operation of the offices was seriously hampered by the inexperience and often inefficiency of the staff. Moreover these appointees, because of their political connections and past political work, were not trusted by many workers. Workers often felt that they would not be treated fairly and refused to use the offices. In 1923, for example, Bert Scot to the position of superintendent of the Grand Rapids public employment office. Scot had been an active and important member of the painter's union in Grand Rapids. He had run for political office and lost. The governor placed him into the position of superintendent as a reward for his efforts on behalf of the party. Most of the non-union painters, and non-union workers in general, however, opposed his appointment. They believed that because of his past union connections he would favour union men in his exchange work. They therefore refused to even attempt to use the offices.

Another problem with the practice of patronage was that political appointees were very difficult to remove, even
after they had proved to be woefully inefficient or even corrupt. When John V. French, a former mayor of Port Huron, was dismissed from the position of deputy commissioner of labour, there was a tremendous amount of political upheaval. Newspapers in his former district wrote editorials in his favour, prominent government officials petitioned on his behalf, and the decision was not finalized for quite some time.\textsuperscript{49} This type of conflict not only impeded the work of the labour department, but it also gave it a poor reputation. French, who had been appointed in 1923 by Governor Groesbeck, had appeared unfit for his duties from the beginning, yet he did not lose his position until 1927.\textsuperscript{50} The labour department was forced to put up with four years of incompetent service from one of its top officials due to political considerations.

It was often as difficult to dismiss an office superintendent as it was to get rid of the higher officials. The case of Mrs. Agnes C. Palmer, the superintendent of the women's division of the Detroit public employment office, is a good example. Mrs. Palmer's service was terminated on 27 January 1927 because of incompetence.\textsuperscript{51} Her office was found to have spent much more money on the placement of individual workers than it should have. According to the figures provided by the labour department, Mrs. Palmer placed a total of 6,134 domestic workers at a cost of $5,0440. Of this number only 925 obtained permanent positions, the remainder had been sent to one day jobs.\textsuperscript{52}
The department stated that Mrs. Palmer's office was spending approximately one dollar per placement, and that this amount was much higher than the state average. The smaller offices of Kalamazoo and Battle Creek were only spending from thirty to forty cents per placement. Although Mrs. Palmer was never accused of any wrong doing, her tenure was terminated because of mismanagement and inefficiency. However, her dismissal came five years after Commissioner Young had first complained to the governor's office regarding the inefficient manner in which her office handled the funds given it.

The decline of the state and federal employment services after World War I resulted in a resurgence of the private employment agencies throughout the United States. By the end of the 1920s these agencies were once again dominant in the employment market. They were not only more abundant but were in many ways more important than the public employment offices. These agencies, along with those run by employers, maintained offices in every city in which a public office operated, and in most other industrial areas. This resulted in a great amount of competition for the public employment offices, often more than the public offices could handle. The private offices were better funded, staffed with capable workers, and had the confidence of the better types of clientele.

Unfortunately the resurgence of the private agencies brought not only law-abiding ones, but also the corrupt and
abusive agents back into the process. The Michigan labour department was aware of their abuses, but was unable to do anything about them. The lack of government support for the public employment offices combined with the absence of adequate legislation stymied the labour department's hands in its attempts to deal with private employment offices. The only law concerning private agents in Michigan had been passed in 1913 and did little more than require these agents to obtain licenses which could be revoked if evidence of abuse was found. However, this was rarely the case in Michigan. At any rate the labour department did not have enough staff adequately to enforce this law.

The competition created by the private agents caused a good deal of difficulty for the public employment offices. In fact, some of the public offices were closed as a direct result of this competition. The superintendent of the Muskegon office wrote Governor Green that the reason why his office could not reach 75 percent self-sufficiency was not his inefficiency, as Commissioner Brock had claimed, but that the Continental Motor Company, the largest employer of both skilled and unskilled labour in his district, used the private offices to import cheap labour from the South and West. He therefore could not place those local workers who registered with his office. His office was closed nevertheless. The closure of the Muskegon office ran against the government's argument that the primary task of the public employment offices was to compete against the
private agents. It was another example of the contradictory governmental policy regarding the public employment offices, which characterized their history in Michigan.

Obviously the private agencies had a significant effect on the work and existence of the public offices. They attracted many workers who otherwise would have used the public exchanges, and more importantly they competed with the public offices for the patronage of employers. Because they were able to provide cheaper labourers than the public offices, they generally received more employer support than did the latter. The consequence was that the government shut some of them down because of their inefficiency, thus weakening the public employment service even further. This in turn prevented the public offices from becoming more competitive. They were caught in a hopeless situation.

Attitudes towards the Public Exchanges in the 1920s.

Most of the employers remained hostile towards the public employment offices. Indeed, the 1920s were marked by a serious lack of employer co-operation with the public employment offices.61 Employers used the offices only as a last resort, and even then sparingly.62 Employer resistance to government intervention in any aspect of the labour market was still very much visible in the late 1920s.63

This opposition took many forms. The most popular were still employer agencies set up to compete with the public
offices. These agencies were better funded, and were staffed with people who understood the principles of employment offices much better than the public officials. As a result they attracted the better classes of workers and were able to outperform the public exchanges. In Michigan, employer-run offices were very popular. Employer associations maintained "their own bureaus in every one of the cities where this [labour] department maintained public employment bureaus."64

When the employer-run exchanges could not meet the labour requirements of employers, they resorted to the private employment offices, not the public ones. The better private agents were able to obtain labour from many parts of the country. They often provided cheaper labour than the public employment offices could. The public offices were largely restricted to placing the workers in their respective areas and did not look for cheaper labour outside their areas. Another method used by employers to resist government intervention in the labour market was to lobby against the expansion and development of the public employment offices. At the end of the war it was this type of action which had been instrumental in the decline of the U.S.E.S. During the 1920s it severely affected the work of the state run services.

Workers were aware that their chances of obtaining a job were much better if they registered at a private or employer-run agency. As a result the number of workers using
the public offices declined. Consequently the effect of the public offices on the Michigan labour market was further reduced. As had been the case in the pre-war years, the public employment offices could accomplish nothing in the fight against unemployment without the direct support of employers.

Both before and during World War I the public employment offices had received a great deal of support from social reformers, but this support was much reduced during the 1920s. There were two basic reasons for the decline in the support social reformers gave to the public employment offices: First, public support for most reform movements had declined sharply during the 1920s; second, the failure of the public offices to live up to the expectations of many reformers forced them to consider other methods to deal with unemployment. One possibility which became very popular among reformers, as it was with some politicians, was unemployment insurance.

Public attitudes towards social reform movements became unfavourable after the war. For many reasons, among them the "red scare," people began to fear the ideas put forth by many reformers. The reform fever of the Progressive Era was at an end.65 Many of the people who opposed reform movements, historian Clarke A. Chambers has argued, "attacked as radical any constructive welfare program."66 As a result many reform foundations were having a great deal of difficulty raising enough funds to meet their expenses,
and others ceased to exist. As a consequence reform movements no longer had as much political influence as they had had in the prewar years, and the reforms they had supported experienced severe set-backs. The public employment offices suffered accordingly. The decline of many social welfare programs was relatively unnoticed largely because the "climate of the 1920s was just not hospitable to the extension of reform measures ... or the initiation of new programs." The few legislative attempts to strengthen such programs "met with indifference, or hostility, whether in national or state government."

In addition to the weakened condition of the movements, the amount of support the reformers gave to the public employment offices also declined. The inability of the public offices to achieve any of the objectives assigned by the social reformers resulted in their abandonment. The reformers became discouraged with the failures of the offices and, as a result, began to consider other possible means to deal with unemployment.

The idea of insuring workers against the ravages of unemployment started to receive attention in the United States around 1910. By the outbreak of World war I it had gained a great deal of support among the social reformers. The popularity of unemployment insurance continued to grow in the 1920s. In the late 1920s social reformers were devoting most of their efforts in the employment field to the establishment of unemployment
insurance systems. The public employment offices had ceased to be the primary weapon of social reformers in the fight against unemployment and were to become little more than the administrative centers of the new system. The efforts of the reformers were substantial enough to achieve limited support for unemployment insurance from some state and federal politicians, among them Senator James Couzens of Michigan. Along with the plans for establishing unemployment insurance came the hope that employers could be made to control the amount of labour turnover in American industry. The fact that unemployment insurance placed some of the responsibility for the cost of the program on employers was considered a good method by which to obtain employer co-operation. The end result for the public employment offices was a significant loss of support from those people who had originally been most in favour of their creation.

The Work of the Offices from 1919 Through the Great Depression.

The condition of the public employment offices during the 1920s prevented them from regaining the ground which they had lost immediately after the war. The work of the public offices declined steadily during the 1920s, both in terms of the number of registrants and in placements. The lack of communication which characterized these offices made it impossible for them to establish control over the
Michigan labour market. Except for helping the few workers for whom they obtained work, the offices had no significant effect on the employment situation in Michigan during the 1920s.

The actual number of workers who frequented the Michigan labour exchanges during the 1920s was much smaller than the number which had used them in the prewar years. The public employment offices reached the peak of their efforts during the 1920s in 1925. The total number of placements in that year exceeded 63,000. 48 percent of all the people who registered obtained a position from the public offices. This percentage dropped considerably in the closing years of the decade. By 1927 only 39 percent of applicants were placed, and by 1931 this had fallen to 21 percent.

This decline was due largely to the inefficiency of the offices and the lack of employer support. The drop in the number of applicants caused by the introduction of the fee policy should have improved the percentage of people placed. The number of applicants fell from 107,271 in 1926 to 88,314 in 1927. The fact that this decline did not improve the percentage of workers placed by the offices shows that they faced a graver problem. The primary reason for the inability of the offices to place workers was the absence of positions. Employers continued to use the public offices only as a last resort. The number of applications for help received by the public offices during the 1920s decreased steadily. In 1925 the public offices received 72,857
applications for help, in 1926 this figure fell to 60,786, and by 1927 it was at 39,739.78

When the figures for the 1920s are compared to those of the years immediately preceding the outbreak of the war, the degree to which the work of these offices had declined is readily visible. The work of the offices before the war had been characterized by slow but steady increases, both in the number of registrations and in the number of placements. In 1913 the offices had placed 42,492 workers, 79 by 1915 this total had increased to 54,0080, and in 1916 the public employment offices placed a total of 104,048.81 These results were achieved with fewer offices and with less staff.

The effect of the activity of the public employment offices on the Michigan labour market during the 1920s was very limited. Due to their weak position the employment offices were unable to achieve any degree of control over the labour supply. Throughout the 1920s many areas of Michigan experienced labour shortages while other areas were experiencing labour surpluses.82 One of the objectives of the offices had been to prevent this type of situation from occurring, or to correct it if it did. Their task was to balance supply and demand in the labour market so that it would be roughly equal throughout the state. The public employment offices in Michigan failed to meet this objective. The most common problem was the inability of the offices to balance the over-supply of labour in the urban
areas with the under supply in the rural areas. The problem of over supply of labour in one area and under supply in another was also common within urban centers themselves. In August of 1925, for example, the city of Jackson was suffering from a shortage of common labour, when at the same time most of the other industrial centers in Michigan were suffering from surpluses. The public offices were for the most part ignorant of the employment situation outside their immediate area. As a consequence the problems of supply and demand were as evident in the Michigan labour market in 1929 as they had been before the creation of these offices in 1905.

The Great Depression brought with it a renewed interest among politicians and reformers in the problems of unemployment. Now people once again began to look for methods to ease or eliminate the burden of the unemployed. The result was a renewed interest in the work of the public employment offices. In the late 1920s and early 1930s, the offices went through a period of expansion. It was not, however; as extensive as it had been during the war years, and did not last long. By January of 1932 Michigan had eleven state and two federal offices in operation, an increase of five offices since 1928. The federal offices, however, were located in cities where state offices already existed, Detroit and Grand Rapids. The creation of federal offices did not contribute much to the struggle against unemployment. The public employment offices, in
any case, were not able to handle the numbers of unemployed workers which existed at this time. As a result both the state and federal governments began to search for other solutions to the problem.

By 1933 it had become apparent to both administrative levels that the existing system of public employment offices was simply not adequate to handle the problems which the Great Depression had created. The illusion that these offices would be able to find enough jobs had vanished. Government officials and the public in general realized that the public offices were limited in what they could do, and that they could only place workers when positions were available.87 This, it was realized, would leave a substantial number of Americans suffering from the effects of unemployment. The solution mostly advocated was unemployment insurance. The public employment offices would become the administrative branches of the new system.88

Under the new system all applicants would have to register at the offices in order to prove that they were ready and able to work.89 The introduction of unemployment insurance was "the immediate source of the major interest in the upbuilding of the employment service."90 The fact that a strong nation-wide public employment service was essential to an efficient unemployment insurance system resulted in the passing, by the federal government, of the Wagner-Peyser Act in 1933.

This act established the new U.S.E.S. Its primary task
was to co-ordinate the work of public employment offices throughout the country and to establish minimum levels of efficiency while promoting "uniformity in their administration." The act also stipulated that the federal government would contribute substantial funding to all states which actively participated with the U.S.E.S. States which established public employment services or which modified existing systems to conform with the minimum standards of the U.S.E.S would receive "federal moneys dollar for dollar with moneys appropriated by the states for public employment service purposes." The system of public employment offices which existed in Michigan before 1933 did not qualify for federal assistance under the terms of the act.

As a result the government of Michigan in 1937 passed a law which created the Michigan State Employment Service, a service which conformed to the terms of the Wagner-Peyser Act. The state legislature originally appropriated the sum of $450,000 to establish and run the service. This service was charged with a two-fold task, as the Michigan Unemployment Compensation expressed it. "Its prime purpose is to make available to all of the people in the state, employees and employers alike, whether they are covered or not, a free public employment facility," it wrote. "On the other hand, it is also the agency through which unemployment compensation benefits will be paid to Michigan's unemployed." Technically these offices were to continue
their work as labour exchanges. However, experience soon showed that this was not possible. The administrative demands of running an efficient unemployment insurance system prevented the offices from doing much else. The new duties curtailed the labour exchange functions of the Michigan employment service.97

By 1938 the new system was fully established. It consisted of 55 offices and 88 itinerant service points "conveniently located throughout the state."98 The offices did continue to place workers. In 1938 64,651 workers found employment through these offices.99 But the bulk of their work was now devoted to dealing with the problems of unemployment insurance. The Michigan service began making payments on 1 July 1938.100 In the first six months alone the offices received 434,000 claims, of which 337,000 were eventually processed.101 The principal task of the offices was to sort through all of the claims and act upon the ones which were genuine. The new service had very little in common with the public employment offices which had operated in Michigan from 1905 to 1936. Not only were these new offices better equipped, better staffed and better funded, their primary goal was very different. The system which evolved after the passing of the Wagner-Peyser Act was very much a product of the depression and the New Deal, while the system which existed before 1933 had been a product of the Progressive Era. It had been an attempt to cure society's ills by eliminating the problem, in this case unemployment.
The new system did not eliminate unemployment, it merely tried to help workers "make ends meet" until they could support themselves once again.

The Michigan public employment offices thus suffered tremendous set-backs during the 1920s. They continued to experience a lack of support from the state government, employers and skilled labourers, and they lost most of the support they had received from social reformers. Instead of increasing the scope of their operations, the government decreased the number of offices whenever an opportunity presented itself. As a result, the quality and quantity of the exchange work was seriously hampered. When these offices were needed most, at the beginning of the Great Depression, they were powerless to help the unemployed.

The public employment offices were unable to achieve any of the objectives which had been planned for them. By the late 1920s their work had been reduced to little more than placing the limited number of workers who registered. They were unable to exert any influence over the condition of the Michigan labour market. As a consequence, they had no control over the employment situation in the state.

The history of the public employment offices in the 1920s was best characterized by an official of the Michigan Unemployment Compensation Commission. This official stated that "the free public employment service, as originally constituted and carried forward in Michigan, was anything but successful."102 According to him the primary reason
for this lack of success was that "the public, employers and employees alike, refused to avail themselves of the facilities of this public agency, and its history and experience indicate a failure on the part of both the State and its citizenry to respond to the idea that the State should engage in the business of matching jobs and men." 103 By the mid-1930s government officials had come to realize that the public employment offices, as they had existed before the Wagner-Peyser Act, were a failure.
Chapter three endnotes


2. Ibid., 77-78.

3. Ibid., 73.


5. Y.M.C.A. to Governor Groesbec, 10 January 1927, Box 12, Record Group 49, Executive Record, State Archives of Michigan (S.A.O.M.)

6. Department of Labor to Governor Groesbeck, 18 January 1927, Box 58, Record Group 48, Executive Record, S.A.O.M.

7. Eugene Brock to Governor's office, 16 October 1929, Box 131, Record Group 48, Executive Record, S.A.O.M.


9. Eugene Brock to Governor's office, 19 October 1929.


11. Memorandum from Department of Labor, 15 November 1922, Box 39, Record Group 48, Executive Record, S.A.O.M.

12. Memorandum from Department of Labor, 25 June 1927, Box 12, Record Group 49, Executive Record, S.A.O.M.

13. E. Brock to Governor, 8 November 1928, Box 12, Record Group 49, Executive Record, S.A.O.M.


15. Department of Labor Financial Report, 30 June 1916, Box 21, Record Group 50, Executive Record, S.A.O.M.

16. E. Brock to Governor, 8 November 1928.

17. Ibid.

18. Figure compiled from totals provided to the Governor's office by the Department of Labor. All letters are in
Boxes 39 and 58, Record Group 48, and Boxes 11 and 12, Record Group 49, Executive Record, S.A.O.M.

19. Carl Young to Governor's office, 7 February 1922, Box 39, Record Group 48, Executive Record, S.A.O.M.

20. Carl Young to Governor, 16 October 1923, Box 58, Record Group 48, Executive Record, S.A.O.M.


22. Ibid.

23. U.S.E.S. Industrial Employment Information Bulletin, Volumes 4-8 (1924-1928). The information published in these monthly bulletins showed continual improvement of the Michigan employment situation throughout these years. Except for seasonal variations, unemployment was generally low and decreasing in Michigan.


25. Ibid.


27. Ibid., 5:1 (1925), 9.

28. Ibid., 5:5 (1925), 8.


30. Governor's secretary to Senator V.A. Martin, 12 October 1927, Box 11, Record Group 49, Executive Record, S.A.O.M.

31. Commissioner Brock to Senator V.A. Martin, 13 October 1927, Box 11, Record Group 49, Executive Record, S.A.O.M.

32. Ibid.

33. Ibid.

34. Ibid.

35. Ibid.

37. Governor's secretary to Senator V.A. Martin, 12 October 1927.

38. Senator V.A. Martin to Governor, 4 October 1927, Box 11, Record Group 49, Executive Record, S.A.O.M.


40. The figures represent the sum of the monthly totals presented in the Monthly Report of Activities, Published by the United States Employment Service for 1926.

41. Senator V.A. Martin to Governor, 4 October 1927.

42. Commissioner Brock to Senator V.A. Martin, 12 October 1927.

43. A.F. Wood to Governor Groesbeck, 27 January 1922, Box 39, Record Group 48, Executive Record, S.A.O.M.

44. Ernst L. Snow to Governor Groesbeck, 22 January 1922, Box 39, Record Group 48, Executive Record, S.A.O.M.

45. The Governor's offices received a substantial amount of correspondence concerning the vacancy of the Kalamazoo office on 23 November 1923. Many people were interested in obtaining this position. Box 39, Record group 48, Executive Record, S.A.O.M.

46. Wm. Rice to Governor Groesbeck, 16 January 1923, Box 58, Record Group 48, Executive Record, S.A.O.M.

47. Ibid.

48. Ibid.

49. Governor Green to Labor Department, 27 May 1923, Box 12, Record Group 49, Executive Record, S.A.O.M.

50. Governor Groesbeck to Commissioner of Labor, 17 December 1923, Box 58, Record Group 48, Executive Record, S.A.O.M.

51. Department of Labor to Governor's office, 27 January 1927, Box 12, Record Group 48, Executive Record, S.A.O.M.

52. Ibid.

53. Ibid.

54. Commissioner Young to Governor Groesbeck, 7 February 1922.

56. Commissioner Brock to Senator V.A. Martin, 13 October 1927.

57. Fred Young to Governor Green, 16 December 1927, Box 12, Record Group 49, Executive Record, S.A.O.M.

58. Ibid.

59. Ibid.

60. Governor's office to Fred Young, 22 December 1927, Box 12, Record Group 49, Executive Record, S.A.O.M.


62. Haber and Murray, Unemployment Insurance in the American Economy, 419.


64. Commissioner Brock to Senator V.A. Martin, 13 October 1927.

65. Clarke A. Chambers, Seedtime of Reform (Minneapolis, 1963), 24.

66. Ibid., 25.

67. Ibid.

68. Ibid., 89.

69. Ibid.


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72. Haber and Murray, Unemployment Insurance in the American Economy, 71.


75. Ibid., 1927.
76. Ibid., 1930.
77. Ibid., 1926 and 1927.
78. Totals for the years 1925, 1926 and 1927, compiled from the Monthly Report of Activities, for those years.
86. Ibid.
88. Ibid., 3.
92. Ibid.
93. Ibid.
94. Ibid.
95. Ibid., 28.
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97. Haber and Murray, Unemployment Insurance in the
American Economy, 420.


99. Ibid., 57.

100. Ibid., 7.

101. Ibid., 8.


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Conclusion

The creation of public employment offices in Michigan represented one of the first attempts by the state government to deal with the problems of unemployment. Government intervention on behalf of the unemployed was largely due to the pressure being put on it by social reformers, some concerned employers, and part of the general public. These people argued that the government must do something to lessen the burden of the unemployed. Public labour exchanges were the solution most commonly advocated by social reformers and their backers. The exchanges were also popular with the state governments because they involved very little direct intervention by the government and could be established at a minimal expense. Their task, as envisioned by state legislators, was to provide workers and employers with a location where they could satisfy their mutual needs. The public exchanges were also considered as a means to deal with the abuses of the corrupt private employment agents. By offering their services free of charge, it was hoped that the public offices would force the corrupt agents out of business.

To these ends the government of Michigan authorized the creation of public employment offices in 1905. From the very beginning of their existence, however, the offices suffered
from a lack of commitment on the part of the government. Throughout most of their history, the offices were poorly funded and inadequately staffed. Furthermore, the majority of the workers in the offices were political appointees, with little or no knowledge of the work the offices were to undertake. As a result of these disadvantages, the Michigan public employment offices were never able to achieve the level of success which would have enabled them seriously to lessen the number of unemployed in the state.

The development of public labour exchanges in Michigan from 1905 to 1916 proceeded at a limited pace. The government was unwilling to risk the amount of money required to enable the offices to reach their full potential. Although the government did authorize the creation of new offices, it rarely provided adequate funding for them. As a result, the Michigan Department of Labor was unable to open many of the offices which the government authorized. What limited financial assistance the operating offices did receive was largely obtained due to the pressure put on the government by the social reform groups and by those employers who frequented the public offices. In the pre-war years a number of employers used the public offices to meet their requirements for unskilled labourers. Employer opposition to the public employment offices did not become widespread until after World War I.

The lack of government support and financial backing placed severe limitations on the ability of the public
offices to meet their objectives. The offices were unable to gain any degree of control over the Michigan labour reserves in the pre-war years. The most that they were able to do for the unemployed of the state was to place some of the workers who came to the offices. The public exchanges were also unable to reduce the number of corrupt private agents in the state. The work of the public offices never posed a serious threat to the operations of the private agents.

It was not until the out-break of World War I that the public offices were able to demonstrate how effective they could be in their efforts to rationalize the labour market. With adequate funding and well trained personnel, the public employment offices were able to control the labour reserves, insure a steady supply of labourers for the war industries, and avoid the common problems of over-supply of labour in one area and under-supply in another. In short, for the only time in their history they managed to rationalize the labour market.

There were two reasons for these achievements during the war years were twofold: First, the employment situation was completely reversed during the war. The offices were no longer finding jobs for workers but workers for jobs. In this endeavour they had the full support of the majority of employers. In fact most employers not only supported their work at this time but demanded that the government create more offices in order to meet their labour needs; second, the federal government realized that an efficient war effort
was dependent on maintaining high production levels in the war industries. The only way to do this was to keep these industries supplied with workers. The public employment offices were indispensable in this effort.

The success of the Michigan public employment offices during the war was due mostly to the aid they received from the federal government through the U.S.E.S. The federal service insured that the state services cooperating with the federal government received adequate funding, and it provided them with well trained personnel. The result was an efficient, highly centralized, nationwide system of public employment offices. The support which the offices received from the Michigan government continued to be minimal, even during the war years.

The end of the war resulted in a dramatic decline in the work of the U.S.E.S. Employers who were now faced with an over-supply of labour no longer regarded the public employment offices as necessary. As a result, the majority of them withdrew their support for the federal service. The federal government, therefore, began to cut back on its funding for the U.S.E.S. This deprived the Michigan offices of their largest source of funds. The result was a reduction in the work and achievements of the Michigan labour exchanges. The loss of employer support also isolated the offices from skilled labourers. These workers would not use the public offices, because employers did not use them. Due to this the legitimate private agents began to dominate the
field once again, bringing with them the corrupt agents as well. This situation remained constant throughout the 1920s, and the public offices continued to deteriorate.

The decline of the public employment offices in Michigan continued throughout the 1920s. Their most ardent supporters in the pre-war years, the social reformers, were no longer as influential as they had been. In the post-war years public support for most types of social reform had waned. As a result, the number of influential reformers was greatly reduced. Furthermore, by the mid-1920s those reformers who were still influential had become disillusioned with the public employment offices. The inability of the exchanges to achieve control over labour reserves or to rationalize the labour market, except for a brief period during the war, forced many reformers to look for other methods to deal with unemployment. Without the reformers to pressure the government into maintaining the offices, it could more easily ignore their needs. The result was a steady deterioration in the work of the public exchanges.

The economic conditions in Michigan during the mid-1920s also contributed to the decline of the public employment offices. This was a period of relatively stable employment conditions in Michigan. There was no longer a pressing need for the services of public employment offices. The demand for them among workers and the public in general decreased. This allowed the government to withdraw further
from direct intervention in the labour market. It was not until the Great Depression that interest in the public employment offices once again increased. However, the problems which the depression had created forced American governments to adopt other solutions to the unemployment problem. The system of public employment offices which emerged after the passing of the Wagner-Peyser Act was very different from that which had existed before. The primary task was no longer labour exchange but the administration of unemployment insurance.

As can be seen, the history of public employment offices in Michigan demonstrates the reluctant nature of government intervention in the private sector. The offices were created in response to public and private pressure. They were poorly funded, and the government avoided any type of expansion unless absolutely necessary. In short, the government had to be forced into action, and once this action was taken pressure had to be maintained. Otherwise the government would not pursue the development of the services it had created. The history of the public employment offices in Michigan is illustrative of the reluctant approach American governments took to state intervention before the Great Depression.
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VITA AUCTORIS

NAME: John A. Soares

PLACE OF BIRTH: Ponta Delgada, Azores, Portugal

YEAR OF BIRTH: 1963

EDUCATION:

Richview Collegiate Institute, Toronto
1978-1983

University of Toronto, Toronto, Ontario
1983-1987 B.A.

University of Windsor, Windsor, Ontario
1988-1990 M.A.