

PRINCIPAL'S OFFICE  
ARTS BUILDING

MEMORANDUM

To Principal ..... FROM DM .....

Mr. Marsh was appointed (Finance Committee Minutes, Oct. 30, 1930)

"~~is~~ a member of the Department of Economics at a salary of \$3500<sup>x</sup>  
per annum".

*now cut to 3290-*

Governors Minutes, Dec., 1930: "Director of Social Research Council".  
Just listed appointments. No comment.

Re the gap in this correspondence -- this is explained by  
the fact that Dean Martin was in England and saw Mr. Marsh and  
returned and came and told the Principal about him.

The explanation of the gap in this correspondence is that Dean Martin

Just bare listed references, no comment.

Be Marsh

May 13th, 1930.

Sir Josiah Stamp, G.B.E.,  
Tantallon,  
Park Hill Road,  
Shortlands, Kent. England.

McGill University has received encouragement from the Rockefeller Foundation to take up a more aggressive study of Human Relations.

We have decided to begin by making a thorough investigation of unemployment conditions in Greater Montreal. In this study the Departments of History, Political Economy, Political Science, Sociology, Psychology, Education, Public Health and Law will cooperate.

We thought of having most of the investigational work carried out by post-graduate students under a Director, and it is to help me find such a Director that I am making this appeal to you.

I know that much work similar to what we propose has been carried on in different centres in the old country and that there you have more highly qualified investigational workers than we have here. We hope to get a man who would come to us for a year, to consult first with the heads of the Departments above-mentioned, agree with them upon the scope and character of the investigation, and then set the post-graduate students to work. The findings will be considered by the Director and the Committee of Professors, and it is our hope that a really worth-while contribution could in this way be made to the problem of unemployment in this large industrial city, with its admixture of races, its manufacturing plants, its seaport associations, its pronounced seasonal unemployment periods, and the many other phases in which it differs from many places in Canada but at the same time furnishes a cross-section of Canadian urban life not to be found elsewhere.

I do not believe that there has yet been made in Canada a study of unemployment and all that is involved.

I am writing to Sir William Beveridge along these same lines.

Do you think it would be possible to secure the services of a first-class Director for a year, for, say, fifteen hundred pounds? And, if not, how much would it require and whom can you recommend?

With all good wishes,

I am,

Principal.

TELEPHONE  
VANDERBILT 9761

CABLE ADDRESS:  
BARCLOTEL NEW YORK



# The Barclay

111 EAST 48TH STREET  
NEW YORK CITY

WARREN T. MONTGOMERY  
MANAGING DIRECTOR

ELIOT CROSS  
PRESIDENT  
WILLIAM EVERDELL, JR.  
VICE PRESIDENT  
JAMES M. TODD  
VICE PRESIDENT

W. SEWARD WEBB, JR.  
VICE PRESIDENT  
WELD M. STEVENS  
SECRETARY  
HUGH S. ROBERTSON  
TREASURER

May 31, 1930.

Dear Sir Arthur Currie;

I have just arrived in New York and am able to reply to your letter of the 13th.

*Haig*  
The scheme that you outline is a very attractive one but a great deal will depend upon whether you can find the rare type of man that you are looking for. We have not in England anyone quite the same calibre who is free to do this kind of work as Robert M. ~~Haig~~ Haig of Columbia. Nearly all our good men are so fixed that they would not be attracted for a single year's work, but Haig has been continually doing separate investigations and is at the moment in Paris completing another. If you know his book on French Finance you will realize that he is a perfect investigator. I do not quite know his status as head of the Business School for Columbia when he is away so much.

It is possible that A. W. Flux, of whom McGill will have many memories as he was with you a good many years, will be retiring from the British Board of Trade before long. He might be very glad to have a year's work of this kind. If you like I will write to him and sound him should that be an easier way of approaching the matter. Although he has reached the age limit for Civil Service he is of course full of energy. I am to succeed him this year as President of the Royal Statistical Society. You will undoubtedly give a greater attractiveness if you put the figure to, say, 1800.

I shall be in New York until the 18th and I could visit Montreal in a pinch if you so desire, though it was not included in my plans.

With all good wishes,

Yours sincerely,

Sir Arthur W. Currie, G.C.M.G.K.C.B.  
The Principal and Vice Chancellor,  
Mc Gill University, Montreal.

*W. S. Webb*

June 6th, 1930.

Sir Josiah C. Stamp,  
The Barclay,  
111 East 48th Street,  
New York.

Many thanks for your kind letter  
of the 31st, in which I was very much interested.

Since writing you I have learned  
of the availability of a young man named Marsh, who did  
a good deal of survey work in London and who is highly  
recommended by the London School of Economics as a trained  
investigator, in problems of the kind that I have in mind.  
Although young, he has the appearance of one who is ma-  
ture, and from the accounts I have of his ability, his  
enthusiasm, and his training along these lines, I am  
led to believe that he would be admirably suited to  
undertake an investigation of this nature.

I am sure you must have heard  
of him, and I would be very glad indeed to get an ex-  
pression of opinion from you as to his qualifications  
for such work. Would you be good enough to let me  
know at your earliest convenience if you think we would  
be well advised to appoint him.

With all kind regards,

I am,

Ever yours faithfully,

Principal.



## THE BARCLAY

ONE HUNDRED ELEVEN EAST FORTY-EIGHTH STREET  
NEW YORK

WARREN T. MONTGOMERY  
MANAGING DIRECTOR

PRIVATE OFFICE

June 9, 1930.

Dear Sir Arthur;

In reply to your letter of June sixth,  
I have heard of Marsh but I have never met him  
nor am I acquainted at first hand with his work.  
I cannot therefore really express an opinion about  
him, but if the right people at the School have  
recommended him, I am quite sure that it will be  
all right.

With kind regards,

Yours sincerely,

Sir Arthur W. Currie, G.C.M.G., K.C.B.  
McGill University,  
Montreal.

A handwritten signature in dark ink, appearing to read "W. T. Montgomery". The signature is written in a cursive style with a long horizontal flourish at the end.

May 13th, 1930.

*No answer received  
J.M.*

Sir William Beveridge, K.C.B.,  
London School of Economics and Political Science,  
Houghton Street, Aldwych, W.C.,  
London, England.

McGill University has received encouragement from the Rockefeller Foundation to take up a more aggressive study of Human Relations.

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We hope to get a man who would come to us for a year, to consult first with the heads of the Departments above-mentioned, to agree with them upon the scope and character of the investigation, and then set the post-graduate students to work. The findings will be considered by the Director and the Committee of Professors, and it is our hope that a really worth-while contribution could

in this way be made to the problem of unemployment in this large industrial city, with its admixture of races, its manufacturing plants, its seaport associations, its pronounced seasonal unemployment periods, and the many other phases in which it differs from other places in Canada but at the same time furnishes a cross-section of Canadian urban life not to be found elsewhere.

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With all good wishes,

I am,

Principal.

Printed In Canada.

FORM T. D. 1



# CANADIAN PACIFIC R'Y. CO.'S TELEGRAPH TELEGRAM

971

CABLE CONNECTIONS TO ALL PARTS OF THE WORLD

J. McMILLAN, General Manager of Telegraphs, Montreal.

STANDARD TIME

XA492 36 IMP 30

LONDON.

WLT DR MARTIN

MCGILL UNIVERSITY MONTREAL

WILLING TO COME AND TO TAKE CHARGE OF INVESTIGATION AT THREE THOUSAND  
FIVE HUNDRED DOLLARS IF ALSO ENABLED GIVE COURSE OF LECTURES ON  
ECONOMIC THEORY WILL WRITE FURTHER ON YOUR REPLY

MARSH

*ao*

Marsh

School of Economics

Kingsway

London,

Pursuant to your conversation  
with Dean Martin conditions  
mentioned in your wire  
acceptable - Can you come  
by September 15<sup>th</sup>

Principal Currie

# CANADIAN PACIFIC RAILWAY COMPANY'S TELEGRAPH

FORM T. D. 1



## TELEGRAM

1583

CABLE CONNECTIONS TO ALL PARTS OF THE WORLD

(Printed in Canada)

J. McMILLAN, General Manager of Telegraphs, Montreal.

AXA661 22 IMP 16

STANDARD TIME

LONDONPO

1930 JUN 16 PM 11 32

NLT PRINCIPAL CURRIE MCGILL UNIVERSITY

MONTREAL

ARRANGEMENTS PREVIOUSLY MADE WOULD MAKE ME ARRIVE MONTREAL ABOUT  
TWENTYSECOND WOULD THIS SUFFICE LETTER FOLLOWS

MARSH

Marsh  
School Economics  
Kingsway London

September twenty-second will do.

Principal Currie.

L.C.O. June 17th.

Copy - original in Dr. Martin's files.

June 16, 1930.

Dear Sir Ar thur Currie,

I write formally to acknowledge receipt of your cable. I have also written to Dr. Martin in connection with the date of my arrival. If this does not raise any undue difficulty, could you now kindly let me have two letters stating the purpose of my appointment (one of them certifying me as a fit and proper person to enter the U.S., etc., which I have to present to the U.S.Consul to obtain a transit visa) so that I can settle the formalities attached to entering Canada and the United States at an early date.

And if this also is not difficult, I should be very glad if it were possible to receive, apart altogether from travelling expenses (which latter will of course exclude travelling from New York to Montreal) a portion of my salary in advance, say \$400. I had been anticipating such an arrangement with Toronto as the expenses attached to my leaving England will be greater than I at first thought

Trusting you will regard me as being at your service or at the service of McGill in any matter with which I might be able to deal before September, .

I am,

Yours sincerely,

Leonard C. Marsh.

June 16th

- April 1925. Inter-Collegiate Scholarship (London University)
- 1925-1928 Studied under Prof. Edwin Cannan (1925-6) Dr. Hugh Dalton and Mr. Lionel Robbins (1926-7) and Prof. Allyn Young 1927-8.
- June 1928 First class honours in final B.Sc. (Econ) examination; Economics special subject. Sir Edward Garner prize for "Conspicuous merit in Economics".
- Oct 1928 -  
March 1929 Research assistant to Prof. Allyn Young (died March 1929)
- Dec. 1928-Feb. 1929 Appointed by B. S. Rowntree to work on sub-committee on relief of unemployment and public works development.
- April 1929 Statistical Assistant on new survey of London life and labour (London School of Economics)
- July 1929 Appointed Statistical Secretary of above
- Aug 1929 Assistant in Economics Department London School of Economics (part-time, in addition to above).

*Asst Prof. Economics*

McGILL UNIVERSITY  
MONTREAL

FACULTY OF MEDICINE  
OFFICE OF THE DEAN

June 7th,  
1930.

Sir Arthur Currie,  
Principal - McGill University,  
Montreal.

Dear Sir Arthur,

Enclosed is a letter from Marsh,  
which I received in London, and to which I replied  
briefly while there. It is just for your files.

Faithfully yours,

*C. Martin*  
DEAN.

COPY. FOR PRINCIPAL'S FILES.

June 26, 1930.

Dr. Leonard Marsh,  
London School of Economics and Political Science,  
Houghton Street, Aldwych,  
London, W C.2.

My dear Marsh,

Sir Arthur has just shown me your letter and has asked me to reply for him, as he is just about to leave town. I found your letter to me on my desk when I returned to my office.

We are delighted to hear that you are coming and I hope you will find both the work and the associations of the pleasantest kind.

Re your certificate for entering into the United States; we will, of course, be delighted to send you such a letter as you require in due course. I wondered, however, if you knew that you could come direct to Montreal by boat rather than go to the added expense and trouble of entering by the United States and travelling that extra distance.

I note from your letter that you refer to travelling expenses, and am a little bit uncertain as to whether or not you will expect something in addition to the \$3,500 which we have already agreed. I really have the impression that when you spoke of \$3500 instead of \$3,000, that was to include all expenses. However, if such is not the case, let me know, and I will take the matter up with the Principal again.

Meanwhile, I have asked the Bursar to forward to you a draft for \$400, as requested, in advance of your salary, and Sir Arthur has gladly agreed to this.

I am sending you by this mail a copy of our Calendar and will be only too glad to send you anything else that you may wish.

Looking forward with pleasant anticipation to your arrival, and trusting that everything will be as satisfactory as we hoped,

Sincerely yours

DEAN

THE LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE.  
(UNIVERSITY OF LONDON)

HOUGHTON STREET,  
ALDWYCH,  
LONDON, W.C.2.

22/5/30

Dear Dr. Martin,

There are just a few points in addition to what you have already told me, about which I thought I might write to you while you were in England. I was wondering, in the first place, if you have any printed information as to the nature of the research to be undertaken which you could let me have. Is there anything like a general syllabus yet? And I am not quite sure about its sponsors: am I right in thinking that it is mainly a Wycliff investigation? There was one other matter, which I omitted to ask you this morning - about vacations. Would they be the same as

THE LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE  
UNIVERSITY OF LONDON  
HUGHES STREET  
ALDWYCH  
LONDON, E.C.

the ordinary university  
vacations at McGill, with the  
bulk of the research done in  
term-time, or not?

I don't want to bother  
you with these things if they  
are better dealt with from  
Canada. But time to think  
things over is, of course,  
relatively short. I should be  
very grateful, therefore, for  
anything you could let me  
know now.

Yours sincerely,  
Leonard B. Marsh.



THE LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE.  
(UNIVERSITY OF LONDON)

9783-7.  
Telephone: Holborn ~~5071-3~~  
Telegrams: Poleconics, Esstrand, London.

HOUGHTON STREET,  
ALDWYCH,  
LONDON, W.C.2.

July 17th, 1930.

Dear Sir Arthur Currie,

I have not replied to your letter of the 13th May sooner because Dr. Martin told me when he came to the School that he had made an arrangement which met your requirements for the research which you propose on the problem of unemployment in Greater Montreal by appointing Mr. L.C. Marsh to look after it. Although Mr. Marsh is a younger man than you appeared to have in mind when you wrote to me I am sure that you will never have any reason to regret the arrangement you have made. I am very glad that he is going to be able to do some lecturing in economics in addition to his work in conducting the research. It will give him the opportunity which he ought to have of developing as a teacher in the subject.

Yours sincerely,

*W. D. B. Currie*

Sir Arthur Currie, G.C.M.G., K.C.B.,  
McGill University,  
Montreal, Canada.

no - PM  
July 21st, 1930.

Dr. L. C. Marsh  
London School of Economics & Political Science,  
Houghton Street, Aldwych,  
London, W.C.2.

My dear Marsh,

I am in receipt of your letter of July 5th and I have asked our Registrar to forward you a letter stating that you have been appointed to the staff of McGill University and are coming to Montreal via New York, with the intention of staying in Canada.

I hope this will meet all your requirements, but if there is anything further, just let me know, and I shall be delighted to help you out.

Sincerely yours,

Dean.

COPY

August 18th, 1930.

MARSH  
LONDON SCHOOL ECONOMICS  
ALDWYCH LONDON

SORRY DELAY CABLING MONEY WESTMINSTER BANK TODAY

MARTIN.

August 20th, 1930.

Dr. Stephen Leacock,  
Orillia,  
Ontario.

My dear Stephen,

Mr. Glassco showed me this morning your letter with reference to Marsh.

Perhaps I should have mentioned the matter to you before, and all week I have intended writing to Hemmeon, but I have been away a great deal since the last week in June. One week I spent fishing with Herbert Molson on the Bonaventure; then after being home for another week or so I went to St. Andrews, N.B., came back to vote and left that night to spend a week or so at Murray Bay, after which I went immediately to Strathroy, Ontario, to spend a week with my sisters. You know that these absences always entail the usual accumulation of letters to be answered and matters to be dealt with, so that it is not hard to overlook some things, especially as I did not wish to bother either you or Hemmeon during your vacation. I thought the matter might very well be attended to later on.

You may know that during the spring months I held a number of conferences at my house with reference to the possibility of McGill University undertaking a co-operative study of some problem of human relations. These meetings were attended by representatives from the Departments of Law, Education, Political Economy, Sociology, Psychology, Public Health, Industrial Medicine, and one or two others who were peculiarly interested in that sort of thing. I may say that we were encouraged to investigate the possibilities of such a study by the Social Sciences Department of the

Rockefeller Foundation. As a result of these conferences we concluded to advise the Rockefeller Foundation that we were prepared to undertake the study of unemployment. We thought it wise to select some specific subject. Unemployment is a subject about which much has been written, but I do not know of any intensive and profound study being made of unemployment in a particular locality. To make a study of that subject in Greater Montreal is our aim and to direct that study we decided to seek the services of a man not only qualified to undertake such work but one who has had experience in that sort of thing. I wrote to Sir William Beveridge and to Sir Josiah Stamp and I asked Dean Martin to see these men before he left England.

As a result of my correspondence and of his conferences with them there was recommended to me this Mr. Marsh, who at the time was about to accept an appointment at the Department of Economics in Toronto University. I may say that Marsh was most warmly and cordially recommended from London, and being faced with the necessity of acting quickly I offered Marsh a position with a salary of \$3500 a year. He asked if he might while directing the investigation give some lectures in the Department of Economics. This was entirely in harmony with my own views, believing that he would gain a larger measure of support from his colleagues if he were on the staff of some Department than if he were altogether on the outside - men operating from the outside very often never get inside. I told Marsh there would be no difficulty in arranging for him to give some lectures in your Department, and the thought came to me also that if on account of your health you wished to lighten your own work in some respects you might be better able to do so if you had Marsh available.

I understand Marsh has written to Hemmeon and that Hemmeon wrote to Martin about him and from your letter to Mr. Glasco I know that Hemmeon has written to you. That is the story of Marsh, very briefly told.

I know that you will place no objection in the way of his giving these lectures in your Department. I have not yet completed my arrangements with the Rockefeller Foundation but I am going next week to Hanover, where the Social Sciences Research Council of the United States is holding a meeting. There I shall see Dr. Day and Dr. Ruml of the Foundation, and I hope to be able to complete the necessary financial arrangements.

I shall ask them to pay Marsh's salary, to pay for a stenographer-secretary for him, and to place at our disposal sufficient money to enable us to give some eight or ten scholarships to post-graduate students who would work under his direction and the direction of the Head of the Department in this unemployment investigation. I thought two of these might be given to students in your Department, one in Sociology, one in Psychology, one in Education, one in Law, etc.

I am going West with Mr. Beatty on the annual trip of the Board of Directors of the Canadian Pacific Railway and shall be away from September 4th to the end of the month but I shall write you again before I go. I hope you have had a good summer and that your former good health has been completely restored. I have heard from some sources that you are feeling as well as possible but from other sources it has been suggested that your present rest hasnot been sufficiently long to give you complete restoration to good health.

With all kind wishes,

I am,

Ever yours faithfully,

Principal.

Letter to-

*L. H.  
L. Marsh*

Cable to

MARSH  
LONDON SCHOOL ECONOMICS  
ALDWYCH LONDON

HAVE NOW FULL INFORMATION YOUR PROPOSAL  
FIRST RATE GLAD YOU ARE COMING.

STEPHEN LEACOCK.

Chg. Dept. Economics.  
L.C.O.

Sent in instructions of the Principal  
Aug. 26th . 1930

May second, 1931.

Mr. L. R. Marsh,  
McGill University.

Dear Mr. Marsh,

Confirming my conversation with you the other day, I want you to make sure that all circulars you have issued regarding the Studentships are withdrawn immediately.

As soon as possible I will call a meeting of the Council, and we will discuss the substitution of a proper announcement.

Yours faithfully,

Principal

MCGILL UNIVERSITY

MONTREAL

FACULTY OF ARTS  
DEPARTMENT OF ECONOMICS AND  
POLITICAL SCIENCE

29/10/30

Dear Sir Arthur,

I enclose herewith a copy of the syllabus referred to in my proposed Agenda. (There has been some delay in getting it duplicated). I shall now be ready to meet the other members of the Executive Committee to report on the items in that Agenda at any time which you find it convenient to fix.

Yours sincerely,  
L. C. Marsh.

## Syllabus of Basic Material for Social Research in Montreal

### A. Basic population data.

1. Totals and distribution, 1911 and 1921.

Data more detailed than census obtainable from Ottawa (some already obtained - population of wards and suburbs, 1921 and 1911)

Compilation of maps to show (a) changes in, (b) distribution of, population 1911 and 1921.

Number of blank maps needed of (a) Greater Montreal (b) the central part of Montreal City. (Block for (a), made to order of Sociology Department, already exists).

2. Population since 1921.

Attempts should be made to obtain or estimate this; sources suggested are:

- i. City Department of Health
- ii. Bell Telephone Co. Surveys.
- iii. Catholic censuses (obtainable by parishes: French and English Catholics).

3. Families.

Data of number of private families, "average families", distribution of different sized families, etc., from census; but in greater detail (by wards) if obtainable.

4. Basic economic and social map for Montreal.

Basic map or maps should be prepared, if possible, showing location of business and industries, railroads, docks, open spaces, etc., and chief residential sections.

### B. Composition of population.

1. Sex - and age-distribution, 1911 and 1921 (obtainable for other years?)

2. Conjugal conditions.

(number and percentage of single, married, widowed, etc., by age-groups, and distinguishing British and foreign-born, obtainable for Montreal and suburbs.)

3. Birthplace and racial origin, etc.

Number and percentage of (i) Canadian and (ii) immigrants, classified by birthplace and racial origin, and by sex and age-groups. (Some of detailed figures for Montreal already available). Language spoken by resident population also required.

(4. Other possible material is that relating to educational status, school attendance, etc.: it is suggested that this be left for the time being.)

C. Occupations and Industries of Montreal population.

1. Chief industries and occupations of Montreal 1911, 1921.  
(Measured by persons employed).
2. Growth of industries since 1921.  
(Possibility of using some of material in Federal Census of Industries?)
3. Location.  
See A(4): but also possibility of map compiled from sources such as Lovell's directory?
4. Age and sex-distribution, and classification by birthplace, of workers in industrial groups, 1911 and 1921.  
(Much of material available but not all in exactly comparable form, and some would have to be obtained specially).
- (5. Average number of weeks employed, and average earnings, for Montreal industries, 1921?)

D. Unemployment: Existing Statistics.

Analysis, with proper caution as to their significance and reliability, of -

- (a) the employment index of the Dominion Bureau of Statistics;
- (b) the trade union index of unemployment;
- (c) the statistics of the Employment Service;

with comparative figures (Canada as a whole, other towns and provinces) to show -

1. General trend since the war; in Montreal, and in major industrial groups.
2. Normal seasonal fluctuation; in Montreal industry as a whole, and in separate groups.
3. Placement-work, etc., of the Bureaux.

(Most of this unemployment material exists in published form, but some, e.g., trade union figures for Montreal industries, would have to be specially obtained, if possible. Some of this type of analysis has been done for Canada as a whole, but even this has received little publicity).

General Note. It would be possible to extend within wide limits the range of this "basic" work. But, while extension in some directions may be considered desirable, it has to be remembered that all such extension will check to some extent the progress of the unemployment survey proper; and the fields of investigation which this is likely to suggest may be the more worth while developing.

# Marsh Emphasises Communal Aspect Of Unemployment

**Economist Outlines Causes  
of Industrial Fluctuations  
And Remedies**

## PROBLEM COMPLEX

**Present Depression Due to  
World Factors, Chiefly  
Gold Distribution**

"My central thesis has been that the problem which presents itself for solution is essentially a community problem while comprehensive realization of its nature demands, at least in part, an international point of view," said Mr Leonard C. Marsh in his lecture "Unemployment an International and Community Problem" at the People's Forum last night.

Leonard C. Marsh, B.A., B.Sc. (Econ.) F.S.S. is a Lecturer in Economics at McGill and Director of McGill's newly-formed Social Research Council. He is Gonver Prizeman in economics and a first-class honours graduate of the University of London. He was at one time on the staff of the London School of Economics as Research Assistant and Lecturer.

Prior to his joining the staff of McGill he was Statistical Secretary of the New Survey of London Life and Labour. The first volume of this work (a study of the changes in economic and social conditions since the time of Booth's London Survey forty years ago) was completed just before he left England.

### Four Generalisations

"I will undertake," began Mr. Marsh, "to discuss both causes and remedies of unemployment this evening. Before I come to these, however, I would like to put before you four generalisations of primary importance in connection with the problem of unemployment. They form the framework or background of the correct approach to the question of causes and remedies. But they are also conclusions or views which are borne in upon any enquirer who studies the problem in any depth at all.

"The first point is that unemploy-

(Continued on Page Four)

## Marsh Emphasises Communal Aspect Of Unemployment

(Continued from Page One)

ment is essentially a complex problem. There are many kinds of unemployment and underemployment and many more immediate or less immediate causes. The all-too obvious fact in the community is that a certain percentage of workers are without jobs; but personal causes, changes in industrial technique, the trends of foreign trade, "the state of trade," and the financial and credit exigencies of particular countries or the commercial world as a whole, have combined to produce this problem.

"In the second place, unemployment is a communal problem, using that term here as a short way of saying that it is due to more than personal causes, and that it can be met only by more than individual effort. Personal factors go far in determining the incidence of unemployment, its duration, and its effects, but the major cause of unemployment is the functioning, or the failure to function, of the economic system itself.

### Permanent Organisation

"The third point is that unemployment is a problem which requires a permanent organisation if it is to be dealt with adequately. Attention should be directed to provision for unemployment as a permanent element in social organisation. The field for constructive work and thought has been transferred to the determination of the methods which are the most desirable and the most adapted to the needs and character of particular countries.

"Lastly, unemployment is an international problem for two reasons. The first is the simple fact of international trade. The second is the gold standard to some form of which two thirds of the world is in adherence. The first means that reductions in the purchasing power of peoples and changes in the productive capacities of other countries must have repercussions on every other country. The second means that failure of the standard to realize stability for the currencies and the price levels of the world which are linked to it must have vital consequences to which every country is subject.

"There is no one correct classification of causes but it is helpful to discuss four groups of causes, viz.: seasonal fluctuations, cyclical fluctuations, technological changes and causes relevant to the post-war situation and to the present depression.

### Regular Variation

"The details of seasonal variation differ for every type of industry but one fact is common to all—that within narrow limits at least, the regular variation of particular months in the year are known from experience and therefore predictable in the future. The unemployment or underemployment entailed can therefore be reduced by improved planning within the industries or provided for on a sound actuarial basis.

"Cyclical fluctuations have not yet been satisfactorily accounted for but our knowledge of them has recently been improved. Beyond the generalisation that depression is largely due to the inflation of the boom period, we may say that the economic organisation depends on the chance that individual forecasts will properly adjust production to consumption. The present depression, however, is more than cyclical and must be explained from world causes. Cyclical unemployment can only be met by a long period plan.

"Technological unemployment is the joint product of capital-substitution, labour-substitution, and organisation-substitution. While technological changes are specially liable to affect the more skilled part of the nation's labour force. There is nothing inherent in the situation which is likely to insure that the particular types of workers displaced are those for which increased production will provide a demand.

"The causes special to the last decade are mainly international in scope and directly or indirectly economic repercussions of the World War. First, worldwide inflation and high prices were followed by deflation necessary for a return to the gold standard. Secondly, surplus production, and production and productive capacity arising out of war demands at artificially high prices. Thirdly an increase in tariffs contributed a formidable hindrance to the resumption of normal foreign trade relations. Fourthly, reparations and war settlements.

### Governmental Co-ordination

"With regard to remedies for unemployment there is a three fold distinction palliative or emergency measures. Many agencies are now aiding unemployment but it is to national governments that one must look primarily for co-ordinating these agencies.

"The first need for a comprehensive policy is some type of permanent advisory body, whether separate or part of a government department, which can concern itself continuously with unemployment. Such a body could be charged with the functions of receiving and conveying to the agencies knowledge of the current situations and of drawing up a long-period policy.

"The second institution required is a system of employment exchanges. It is true that they function least ef-

fectively when depression is severe but their work is always needed and the net amount of unemployment would be greater without them.

"A carefully planned and properly administered unemployment insurance scheme is the soundest permanent basis for relieving the distress resulting from unemployment. It can provide an automatic basis by which only the employable worker is dealt with, leaving the existing welfare agencies to devote their efforts to their own spheres.

### Action Of Industries

"The next sphere of remedial policies is that of action taken on the part of industries themselves, whether to stabilise employment, to meet the seasonal or cyclical fluctuations which affect them, or to meet the

difficulties of technical change and labor displacement. More scientific scheduling of production and marketing; personnel management; and planning technical improvements in co-operation with workers' representatives are policies which are widely practicable.

"So far as cyclical fluctuations are concerned, our power to control them is still largely unproved. Certainly we cannot hope to abolish them entirely but three methods may be outlined in increasing order of difficulty of application. The first is a wider dissemination of knowledge concerning the extent of markets and the share going to each producer. Hope lies, secondly, in the increase of control over the business situation exercised by the central banks. The third policy

is the long range planning of public works.

"We have come again, finally, to the world causes of unemployment, the remedies for which can come only from international co-operation. Predominantly those causes are limited to the functioning of the gold standard, although the problems of reparations and tariffs are important enough to be mentioned separately. There is need for greater freedom and power of action on the part of central banks and for economics in the use of gold and the reduction of gold transfers."

The following men are requested to turn out at the Union tonight to play against Le Foyer:—Pimenoff, Billette, Goldstein, Rowat, Horowitz, Black and Blumer.

I will attempt to discuss both causes and remedies . The politician is privileged by being allowed to discuss the subject without being precise about causes and remedies.

Its a complex problem. Dont forget there are many types and contributing causes. Need for research to make possible sound remedial remedies.

Unemployment is the pathology of the industrial, commercial and financial mechanism long before it is the evidence of personal defects of individuals. This is a point of more than academic interest. Reduction of the disproportionate emphasis on personal causes has proceeded *pari passu* with the growth of enlightenment on nature of industrial fluctuations and their causes.

MC GILL UNIVERSITY  
MONTREAL

SOCIAL RESEARCH COUNCIL

March 4, 1931.

Mrs. McMurray,  
Principal's Office.

Dear Mrs. McMurray:-

I enclose herewith a copy of the  
address on Unemployment, which you asked me for some  
time ago.

Yours sincerely,

Leonard B. Marsh

Director of Research,  
(Social Research Council).

LCM:GS  
Encl.

UNEMPLOYMENT . An International  
and a Community Problem.

Address delivered at the Montreal  
Forum, January 25th, 1931.

UNEMPLOYMENT - An International and a Communal Problem.

At a time when unemployment is widespread the world over, when the word is on everybody's lips, and when it has become front-page material for every newspaper it is no light responsibility to appear before you as an expert on that subject. Because the two questions you will most want me to discuss are the causes of unemployment, and the remedies for it. And that is a task not merely difficult, but almost verging on the courageous.

I am somehow persuaded - perhaps quite wrongly - that the politician may be privileged by being allowed to discuss the subject without being very precise about the causes of unemployment or definite about remedies. Or rather, since that is perhaps unfair, - though I am, of course, not referring to any particular politician - the politician is permitted the much easier task of telling you the facts - or some facts - of the current situation, and either criticising or defending particular policies. But it is expected of the expert - or as I should prefer to say, the student or social investigator - that he should seek, and give if he can, a comprehensive and balanced account of the problem, and an account not confined to some particular time. But not only is "the truth, the whole truth, and nothing but the truth" difficult to attain in economic affairs. It is unfortunately the case that comprehensive diagnosis, which attempts to take account of all the elements in the situation, is apt to be somewhat ~~involved or~~ cumbersome, to involve details or qualifications to an extent which does not satisfy those who would prefer a simple answer, whether to the questionings of their social conscience, or to provide the basis for a policy of action. The partial or half-truth is not only easier to discover and to state, but - because life is short, or at any rate, busy - is often more willingly received.

With so much, however, by way of preliminary - which will serve me as apology either for venturing too much or too little into detail - I will undertake to discuss both causes and remedies of unemployment this evening.

Before I come to these, however, I would like to put before you four generalizations of primary importance in connection with the problem of unemployment. They form, if you like, the framework or background of the correct approach to the question of causes and remedies. But they are also conclusions or views which are borne in upon any enquirer who studies the problem in any depth at all.

Unemployment essentially a complex problem.

(1) The first point is that unemployment is essentially a complex problem. There are many kinds of unemployment, and underemployment, and many more immediate or less immediate causes. The all-too obvious fact in the community is that a certain number, or percentage of workers, are without jobs; but personal causes, changes in industrial technique, the trends of foreign trade, "the state of trade", and the financial and credit exigencies of particular countries or the commercial world as a whole, have combined to produce this problem. And they combine in varying proportions and in different ways, and act at different stages of removal from the result. Some see more easily the more immediate causes, some the more universal, but begin from a body of unemployed workers, and before one has explained adequately why they are there, one has to range over the gamut of these causes.

In the same way, nothing is more misleading than to forget that there are many types of unemployed. The unemployment of juveniles, of women, of the man over forty, of the immigrant, of the skilled worker displaced by some technical change, of the worker attached to a seasonal trade, of the man verging on the unemployable, are all distinct and different problems.

There is therefore no one simple remedy, no panacea, for these social ills. The distinction of types, and the classification of causes of unemployment marks the beginning of scientific approach to the problem; and any policy which is to be comprehensive, and more than merely palliative, must take account of such

analysis, and will include a number of lines of action. There is a real need for research into the character of the unemployed in particular communities; and for the wider spread of knowledge of the fundamental and contributory causes of unemployment, which will make possible sound remedial measures through the growth of an informed public opinion which will support them.

Unemployment and "Personal Causes"

(2) In the second place, unemployment is a communal problem, using that term here as a short way of saying that it is due to more than personal causes, and that it can be met only by more than individual effort. This is implicit in what I have already said, but there are certain aspects of this point of which, I think, there is still need for emphasis.

The first of these concerns the responsibility for unemployment. Personal factors go far in determining the incidence of unemployment, its duration and its effects, but the major cause of unemployment is the functioning, or the failure to function, of the economic system itself. Unemployment is the pathology of the industrial, commercial, and financial mechanism long before it is the evidence of the personal defects of individuals.

This is a point of more than academic interest. Reduction of the disproportionate emphasis on personal causes has proceeded pari passu with the growth of enlightenment on the nature of industrial fluctuations and their causes. And such enlightenment is the basis for the distinction between the worker able and willing to work, but out of employment as the result of causes beyond his control; and the "unemployable", or fit subject for charitable ~~ex-poor~~ relief. The distinction, in other words, is that between the worker who can be re-absorbed when trade improves if his health and industrial quality are preserved, and the individual whose industrial quality is so low that he is always liable to be a charge on the community. The separation of these classes was one of the needs that was urged by the pioneers of unemployment insurance and the employment exchanges in England before the War; the failure to discriminate between them one of the most unsatisfactory features of unemployment provision in the

industrial depressions of the second half of the last century. If the distinction between insurance and relief has become blurred in recent years it is due not to the invalidity of that distinction, but to the overwhelming effect of ten years of trade depression.

The matter involves more than this, however. No generalisation as to personal causes is adequate which ignores the downward pull on character, vitality and efficiency which any prolonged spell of unemployment entails. Reduced ability, and even "unemployability" may well have been begun by unemployment, caused by the temporary breakdown of the economic system or by industrial change, in the first instance. Similar consideration is needed in the case of workers attached to industries which, whether as a result of deficient organization or other factors, secure them only irregular work.

And, finally, whatever the state of trade, and whatever the efficiency and qualifications of individuals, unemployment is a function of the organisation of the labour market as a whole. In the absence of any organisation for centralising or adjusting the supply of labour and the demand for it, both the time lost in finding employment, and the chances of securing more-suitable jobs, are greater. Canada can well claim, in having set up a nation-wide employment exchange since the War, to have taken wise steps in this field since the War. But there is still room for development in the sphere of juvenile employment, in which the consequences of unsatisfactory placement, and the benefits of good, are at their maximum.

That unemployment is a problem whose solution can be approached only by more than individual effort needs little emphasis, in the light of what has so far been said: it should be clearer still when we consider the nature of its more fundamental causes and remedies. Individual effort indeed, however well intentioned, if not actually helpless, is

almost certain to be inadequate, and indiscriminate charity is least of all likely to be remedial. Unemployment calls essentially for organisation, informed administration, and cooperation, whether from industries, cities, or nations, and whatever its scale, is a communal problem.

Need for permanent organisation to deal with Unemployment.

③ The third point meriting special emphasis is that unemployment is a problem which requires in some measure at least, a permanent organisation if it is to be dealt with adequately. The alternative to a permanent policy is the hasty initiation and operation of emergency policies in times of depression, when constructive or far-sighted measures are difficult both to inaugurate and to finance, besides the lack of appropriate provision when trade is relatively good.

A number of propagandists for long-period organisation have pointed to the vicious circle of what I may call "the leaky-roof complex" - "When it's not raining, there's no need for it; when it is raining, you can't mend it." They might well add that the exigencies of emergency policies encourage the view "It's always stopped raining before; it's bound to stop soon this time - and there's no need for a long-period policy." It appears, however, that the trade cycle is still with us, in spite of the War, and that recessions and depressions are likely to recur. The most we can hope for, given fundamental changes in some directions, is a substantial diminution of their magnitude. /P But apart altogether from this there is, particularly in a growing country, always some unemployment. Seasonal fluctuations - especially violent in Canada - changes in technical progress, the ebb and flow of industries, are sufficient to give rise to a substantial volume of unemployment, even if it is not composed always of the same individuals.

The unemployment problem is not so much analogous to rain which ceases most of the time and occasionally comes in a deluge, as to a complex leak which is continually varying in volume.

Attention should be directed, therefore, to provision for unemployment as a permanent element in social organisation. But I cannot help thinking that so far as general acceptance of this view is concerned, the battle is won. The field for constructive work and thought has been transferred to the determination of the method, or methods, which are most desirable, and the most adapted to the needs and character of particular countries.

#### Unemployment an International Problem.

(4). Lastly, unemployment in any but a very limited analysis is an international problem.

It may be platitudinous, but it is also a fundamental economic consideration, that in the modern world countries are essentially linked together and their fortunes mutually affected by their economic relations. And unemployment is a world problem in particular for two reasons. The first is the simple fact of international trade; that in greater or less degree, but inescapably, the labour, enterprise, and capital of every country is devoted to supplying goods for foreign markets and receiving the goods of other countries in exchange. The second is the gold standard - itself an institution, one of whose functions is the facilitation of international trade - to some form of which, <sup>nearly</sup> two thirds of the world (measured by population) is in adherence. // The first means that maladjustments or restrictions in <sup>foreign-trade</sup> ~~these~~ markets, whether in the amount or flow of goods, reductions in the purchasing-power of other peoples, changes in the productive capacities of other countries, must have repercussions on every country. // The second means that failure of the standard to realize stability for the

currencies and the price-level of the world which are linked to it, must have vital consequences, to which sooner or later every country in the world is subject. That a country is "on the gold standard" simply means that it undertakes to fix the value of its circulating currency in terms of this one commodity, and to regulate the expansion or contraction of credit within the country if necessary, in order to do so. And if gold proves to be a commodity which is appreciating in value, whether because its total supply is deficient, or because its use is not being adequately economised, world prices measured in terms of it must fall; and falling world-prices - which mean in effect the prices of the staples of international commerce - must, whatever the particular resistances (or weaknesses) of single countries, impose a measure of depression upon them all.

The international aspect of the unemployment problem is a question not only of the counters of commerce, but of the amount and flow of that commerce as well. The significance of this is that part - and a considerable part - of the problem can be met only by international remedies. Questions of tariffs, debts and reparations, foreign trade competition, the coordination or alteration of banking policies, and the use and distribution of the world's gold supplies, can only be dealt with by international cooperation. The problems are interrelated - as a delegation of the financial section of the League of Nations Secretariat had postulated, "adherence to an international monetary standard at once implies and necessitates adherence to an international economic system". But in combination they comprise the causes, perhaps the most far removed, yet the most potential in their effect, to which effort and will to solve the unemployment problem have to be directed.

#### Causes of Unemployment

Turning now to a more detailed discussion of causes of unemployment, it is clear from what has already been said that there is no

one "correct" classification of causes. But bearing in mind that we are not confining ourselves to the present depression alone, it is helpful to discuss separately four groups of causes, viz.: (1) seasonal fluctuations, (2) cyclical or "trade cycle" fluctuations, (3) "technological" changes, and - although they are connected with cyclical and technological factors, - (4) causes specially relevant to the post-war situation and to the present depression. I have already referred to specific personal causes, which are not so much causes as determinants of the incidence of unemployment; and to defects in the organisation of the labour market or particular labour markets, which may be contributing factors of considerable weight.

Seasonal Fluctuations

(1) The prevalence and effects of seasonal fluctuations need little stress in this country, and the interruptions or irregularities in work which they produce make them the chief "normal" cause of unemployment - or under-employment, if the term is preferred in this connection. So far as they are due to the concentration of harvests in particular months, the problem is to a great degree that of the mobilisation or migration of labour. This part of the problem has been met in the past by cooperation between the Employment Service and the railways, while its magnitude has been reduced with the increased use of agricultural machinery; but there is far less evidence as to the successful reabsorption of labour not required after harvests are in. So far as seasonal fluctuations are due to natural obstacles - the reduction in temperature and light, the coming of snow and the freezing-up of rivers - remedial policies, though they may be directed towards these obstacles, have largely to accept them, and to aim at

provision for employment or maintenance in slack months. *There is a third type,*

*however, which is to be distinguished if we are considering remedial policy. Industry* ~~But industry~~ has plenty of examples of seasonal irregularity due rather to the

habits or custom of producers or consumers - such as the printing and

publishing "seasons", or the seasonal demands for clothing - which are much less to be regarded as inherent or necessary.

The details of seasonal variation differ for every type of industry, but one fact is common to all - that within narrow limits at least, the regular variation of particular months in the year are known from experience, and therefore predictable in the future. The unemployment or underemployment entailed, therefore, can be reduced by improved planning within the industries, or provided for on a sound actuarial basis.

Cyclical Fluctuations

(2) The "trade cycle", is the name most commonly given to the phenomena of alternate periods of boom and depression, occurring over a period of years, affecting all industries, though not necessarily equally; and which, though overlaid and distorted by the new or special economic features of the post war world, ~~are~~, it appears, still with us. The explanation of the inability of the complex industrial, commercial, and financial structure which constitutes "the economic system" to function continuously without maladjustment, or to realise the possibilities inherent in our increasing knowledge and control of power and resources without breakdowns: is still not generally agreed upon by economists. A list of theories which took account of differences of detail could run into hundreds: grouping together those that are broadly akin yields at least half-a-dozen.

But it is easy to exaggerate these divisions of view. The amount of attention which has been given to this subject in the last few decades has vastly increased our knowledge of the processes which cyclical fluctuation involves; and has produced a substantial measure of agreement on the more important of these, and on some at least of the means by which the magnitude of such fluctuations is most likely to be decreased.

Even so, however, - beyond the very important generalisation that the real cause of recessions or crises is the inflationary aspects of the boom-period which precedes it - it would be difficult in a short space of time to give a detailed explanation of the causes of cyclical fluctuations such as would take account of the differences of view on particular points. ~~And~~ in any case the purely cyclical movement since the war has been so much obscured by general world causes and by factors special to particular countries - the United States, (Canada), Great Britain, France, and Germany in particular - that its separate description is easier by means of statistical technique than by verbal means. <sup>/p</sup> It has been suggested, ~~however~~, that in the post-war world the trade cycle is a cycle of shorter duration, of three or four-year intervals rather than the longer periods of seven to ten which we knew before the war; and if this is correct, it is possible that the advances in financial and banking organisation and in the technique of financial and banking organisation and in the technique of financial control which have undoubtedly been made are partly responsible, at least.

*But the facts are just as amenable to the view that the pre-war cycle, occurring in periods of roughly 7-10 years, is still with us.*

It is a ~~view~~ frequently put ~~that~~ that the trade cycle represents our failure to improve our financial and industrial organisation sufficiently to keep pace with our advance in the industrial and commercial applications of science. There is at least room for pondering on the challenge of this view. The economic organisation of which we are a part is still very much one of "trial and error". We rely, in the last analysis, on the chance that the estimates and decisions of thousands, made without any central coordination - unless we regard the relating of decisions to the business situation as a whole as a regulating factor - will secure the required adjustment between

production and demand, and the investment of capital or energy in the right form, direction, and countries for such adjustment to be achieved. But it is truer to say rather that we have not yet advanced the financial mechanism that we need to the same degree in the international as in national spheres. The present depression is more than cyclical: it is caused by world-wide maladjustment, and has to be explained by reference to causes of international significance.

Be that as it may, however, <sup>that part of</sup> unemployment due to cyclical fluctuations is a problem which, because it is <sup>still</sup> recurrent, can only be met by a long-period plan.

Economic Progress and Technical Change.

(3) The third group of causes, which are also continuously in operation in greater or less degree, are those inherent in economic progress and industrial change. But the unemployment to which the general term "technological unemployment" has come to be applied is in fact a composite phenomenon due to a variety of processes of differing importance in different countries. In U.S.A. and Canada those processes have been bound up with the exploitation of power and other resources, the growth of new industries, and the realisation of higher standards of living. The development of cheap hydro-electric power, the more economic utilisation of coal and the fuels which compete with it, the automobile, the radio, and the frigidaire, are only examples which indicate the general trend. In Great Britain these trends are by no means absent, but they are accompanied by the progress of a "rationalisation" movement in the basic export industries which involves amalgamation as well as <sup>(sometimes instead of)</sup> technical improvement, and which is a reaction to depression and falling prices, competition in foreign trade, and rigidity of wage-rates, as well as participation in general economic evolution.

The body of unemployment to which such causes give rise is the joint product of "capital-substitution" - and the latter applies to agriculture and construction as well as to manufacturing; "labour-substitution" - since these changes involve the substitution of some types of labour by others; and "organisation-substitution" - the reduction or change of labour-force as a result of amalgamation. It is an old problem - the problem of displacement due to mechanical invention - in a new and complex guise, and its magnitude is unquestionably great. It is not to be dismissed as being inherent in a dynamic economic system producing an ever greater variety of products, or on the grounds that greater productivity is the one condition that will enable the eventual reabsorption of labour; even though these generalisations are true. The period elapsing before reabsorption takes place is of vital importance to the worker, and what may be a short spell of unemployment when we are considering industrial progress in the large is a long period for the individual, quite possibly too long - in the absence of an organised labour market or of organised unemployment provision - for him to retain his efficiency and skill. And while technological changes are specially liable to affect the more skilled and specialised part of the nation's labour force, there is nothing inherent in the situation which is likely to ensure that the particular types of workers displaced are those for which increased production will provide a demand.

International Post-War Causes

(4) The causes special to the last decade are mainly international in scope, and directly or indirectly economic repercussions of the World War. It may be argued that, even admitting that for economic purposes the war did not end until 1920, its effects have by now been exhausted: but future economic historians may well extend

the period of post-war adjustments even past 1931. At any rate, in singling out the main factors in the situation, a beginning has to be made with events directly due to the war.

This applies to four fundamental problems of world prices or world trade which we may summarise. First, world-wide inflation and the highest general use of prices for a century was followed by a catastrophic fall when this artificial boom broke (late in 1920); and comparatively rapid returns to the gold standard were made during the years 1923-5, when stability appeared to have been reached, those returns involving in many cases substantial degrees of deflation in the first place and a heavy hand on credit thereafter. Secondly, war demands, continued by artificially high prices, acted as the first strong stimulus to both the production of raw materials in the countries mainly responsible for the world's supplies, and to manufacturing industries in countries which had formerly depended largely upon foreign trade for industrial products. In a situation in which the amount of foreign trade had already shrunk, the important commercial countries of the world were afflicted with surplus production or *surplus* productive capacity. Thirdly, partly from these causes, partly from the growth of economic nationalism, <sup>△</sup>the considerable and general increase in tariffs took place, which contributed a formidable hindrance to the resumption of normal foreign trade relations. Fourthly, there are the reparations and war debt settlements, the important features of those settlements being (a) their fixation in terms of gold, whether through the United States dollar which alone had remained linked to gold, or otherwise - a fact which was not changed in the revision on the "Young Plan"; (b) the net increase in exports which was required from Germany if her debts were to be paid; and (c) the net balance of imports which would be due, mainly to U.S.A., but also to France.

At the time when the main returns to the gold standard were made, the stimulus to do so was two-fold. (a) Relating the currency unit to a fixed weight of gold meant that inflation was checked, and relief from its evils secured, in the country concerned. (b) Returns on the part of most of the important countries meant that the relation of their currencies to a common standard once again permitted stable exchange rates between them, and relief from fluctuating exchange rates which had been yet a further hindrance to trade. But the automatic working of the gold standard (actually under very different conditions) before the war, and the fact that it had provided rough stability of prices, was responsible for the unwarranted assumption that return to the world gold standard implied that a stable price level had been reached: in other words, that gold supplies would be sufficient as a basis for the amount of credit needed to exchange or distribute the world's production. The simile which has been employed to illustrate this situation is the agreement of a number of ships formerly sailing independently to attach themselves all to the same buoy. Whether the net result is the achievement of stability or not, <sup>however,</sup> ~~entirely~~ depends on the movement of that buoy.

The simile illustrates only the simpler implications of the phenomenon, however. Returns were made to the gold standard when the supplies of the world's gold were still very unevenly distributed, the main holdings being by the neutral countries and most of all, by U.S.A., to which countries they had flowed in payment for materials and munitions during the War. And in addition, the difference, if any, at the time of the return, between the purchasing-power of the national currency unit in terms of gold and in terms of the things produced and sold within that country, was of vital importance for the country concerned. Great Britain's return to the gold standard was made when the £ sterling was valued higher in terms of gold than in terms of this

internal purchasing-power, with the result that to achieve parity there was a necessity for prices in Great Britain to fall. France returned to gold when the franc was lower in terms of gold than in terms of internal purchasing-power, with the result that prices in France could be allowed to rise. It is necessary to refer to these facts to explain, in part at least, the differences in the post-war unemployment problems of these two countries. But the necessity of deflation in Great Britain was also an obstacle preventing the securing of gold accessions from the relative surplus supplies of the United States.

Apart altogether from these complications, however, the buoy soon showed on the whole a tendency to downward drag. And the result of falling prices was still further to intensify the problems of marketing either manufactured or raw materials at a profit; while the problems of surplus capacity or surplus stocks mitigated against any reduction of tariffs on the one hand, and strengthened the desire to maintain "restriction schemes" on the other. Wheat is only one of the <sup>many</sup> commodities to which these considerations have applied.

And very broadly, so far as these phenomena outlined are concerned, there has been no substantial respite. The outstanding fact for the unemployment problem of the world is that there has been, whether we begin from 1920 or the years in which the majority of countries returned to the gold standard, an almost uninterrupted fall of general prices. Measured by what is perhaps the best index - that of British wholesale prices, relating mainly to world staples - prices have fallen over 30 per cent since 1925, and have, with the slump of 1930, now actually reached pre-war levels. It is impossible not to connect this long-period fall of prices with the fact that the world's annual increase in

gold supplies has not kept pace with the normal increase in all other production, while no significant general changes have been adopted in the proportion of credit based on given reserves; and the fact that continued maldistribution of existing gold - a situation which has been but little relieved, if not intensified - has occasioned, in the countries with the chief holdings (particularly U.S.A.) the "sterilisation" of reserves, while increasing the relative shortage elsewhere.

The effects of this fall are not exhausted in intensifying the difficulties of exporting countries in marketing at a profit. A fall of general prices means that all creditors entitled from past contracts to receive from debtors a sum fixed in currency, actually receive a claim to an increasing quantity of commodities, while the real amounts paid by debtors are increased. In industry, the result of higher payments of rent and interest in terms of real goods, is to leave a smaller share available for division as profits and wages. The redivision of this share between employers and wage-earners is determined only as the result of considerable friction, but the net result is the same; if wage earners resist wage reductions so that wages become relatively too high, unemployment for some is bound to follow; if they suffer wage reductions, their reduced purchasing-power leads eventually to unemployment for others. And as for war debts and reparations, the largest among contracts, the situation becomes one in which Germany has to pay, i.e., to export, a continuously increased quantity of real goods, the efforts to do which must even further intensify the degree of competition in international trade, besides reducing her purchasing-power as a nation.

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Remedies for the Unemployment Problem.

The wide ramifications of the unemployment problem have now been indicated; but whatever the causes, the problem at any moment manifests itself as the unemployment existing in particular communities. And given that problem, the immediate questions are: what are the steps which, in the light of this analysis, can be adequate to deal with problems of unemployment? What guidance does this offer for approving or discriminating the remedies that have been and are being suggested? What measures should we endeavor to fashion and operate? <sup>P</sup>It is possible to offer both a few general and a few specific considerations. At the risk of being misunderstood, I would say that there is likely to be too much attention ~~given~~ to the problem of unemployment which is directly influenced by the present abnormal depression; I mean that, all-important as is the alleviation of the present distress, it is possible that it may detract from the considerations of longer-sighted policies.

There is a three-fold distinction which, even if it is difficult to maintain in practice, should at least be always kept in mind. That is the distinction between: (1) palliative or emergency measures, usually involving the distribution of relief and emergency employment provision; (2) remedial or constructive measures, usually requiring a permanent basis, which have among their aims assurance against complete cessation of income and the social disasters this entails, the preservation of the industrial ability of the worker, and organized assistance in securing reabsorption into industry; (3) preventive measures designed to remove the cause of unemployment by removing fluctuations, or stabilizing employment in particular industries, or in industry as a whole.

All unemployment measures are subject to these indicia of effectiveness, but their possible scope is wide. There is today a vast fund of experience, of both established and experimental methods of relief. There are a great ~~number~~<sup>many</sup> of agencies - city, local, and national governments, industrial groups, trade unions, organized relief agencies, apart altogether from international organizations - able to contribute, although it is to national governments that one must look primarily, since they are coordinating or centralising agencies, and also the units for international cooperation. In the last analysis, <sup>however,</sup> organization and cooperation are the difficulties, and it is energy and the will for these that will determine how far the problems are met.

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1. The first need for a comprehensive policy (and this applies to every country) is some type of permanent advisory body, whether separate or part of a government department, which can concern itself continuously with unemployment. Such a body could be charged with the functions of receiving and conveying to the appropriate agencies knowledge of the current situations, of local conditions, and national problems - possibly if necessary, undertaking research on its own part; of sifting plans for relief or assisting the coordination of the work of agencies already in operation; and of drawing up or operating a long-period policy. In Canada, in which four or five of the largest cities are the main centers in which unemployment is concentrated in times of depression, there is, indeed, a case for setting up some such body in each to coordinate the unemployment work of all existing agencies.

2. The second institution which a fundamental approach to the problem requires, is a system of employment exchanges. On the organisation of the labor market depends the ease or difficulties of finding jobs,

in respect of place or time, and the likelihood of suitable placements, It is true that employment exchanges function least effectively when depression is severe, because applications are greater and jobs are fewer, but their work is always needed, not confined to such periods, and the net amount of unemployment would be greater without them. In Canada an efficient and nation-wide employment service is as important in relation to the employment market as are the railways in relation to the economic situation as a whole. Their cause, however, does not have to be pleaded in this country: with that basis Canada is already equipped. But everything which can be done to improve their functioning or extend their use is a definite contribution to one aspect of the unemployment problem. I have suggested the importance of greater attention to juvenile placement, because every improvement in this direction is an indirect reduction of the unemployment problem of the future.

3. The mention of unemployment insurance is likely to occasion more controversy, yet it must be stated quite clearly that a carefully planned and properly administered unemployment insurance scheme is the soundest permanent basis for relieving the distress otherwise likely to result from unemployment. It can deal with unemployment due to all types of fluctuations or industrial change, though particularly the unemployment of relatively good times or the "always some" of a dynamic economic system, which receives less publicity. It can provide an automatic basis by which only the employable or normally regular worker is dealt with, leaving the existing social and welfare agencies to devote their efforts to their own spheres. And even in times of severe depression, it is likely to lessen the degree of distress and of pressure for provision, and certainly to

lessen the need and cost of ad hoc machinery during such periods.

With regard to the British insurance system, I do not propose to say any more than that discussion of its working is likely to be greatly misleading, if it does not take account of the strain that it has suffered in view of the fact that Great Britain - most liable of all the countries in the world to be affected by world causes of unemployment - has suffered ten years of practically unrelieved depression. I would rather emphasize that there is enough experience of every detail of administration provided by the English scheme alone, - apart altogether from the systems in operation in other countries, of various existing industrial schemes, and the Federal Employment Service, - to provide against any feature which might be feared or which might be less suitable for this country.

4. The next sphere or remedial policies is that of action taken on the part of industries themselves, whether to stabilize employment, to meet the seasonal or cyclical fluctuations which affect them, or to meet the difficulties of technical change and labor displacement. Experience, particularly in U.S.A., is increasingly demonstrating which problems can be thus attacked, and the variety of such measures, varying according to the particular character of the industry, its labor force or its products, and the exigencies of its market. More scientific budgeting or scheduling of production and marketing, in order to enable a steady output in spite of normal seasonal variations in demand; personnel management devoted to reducing the amount of labor turnover (i.e., the proportion of the numbers of hirings and dismissals to the total labor force employed); and planning the introduction of technical improvements in cooperation with workers' representatives; are policies which are widely practicable. Other methods,

such as organized advertising, to extend the demand for a product equally over the whole year, manufacturing for stock in slack times, and the diversification of products to be sold by the same concern in order to increase the possibilities of steady marketing; are more limited in their scope and application.

It is not feasible to prescribe in advance methods for every industry, but it is possible to suggest that these are lines of action from which some inspiration should be drawn. Industry itself bears some part of the responsibility for unemployment, although particular industries share it in different degrees. At one end of the scale some types of irregularity in employment are due entirely to lack of organization; at the other, the large-scale concerns have most to gain, on a purely business basis, but even more in prestige and respect, from the pursual of stabilization. The aggregate effects are definitely limited unless or until the movement is very wide, but how far such policies can be generally applied depends on the overcoming of technical difficulties, and the extent to which the responsibilities of industrial concerns towards their personnel are accepted. To a large degree, the second is a function of the first.

5. So far as cyclical fluctuations are concerned, our power to control them is still largely unproved; it is almost true to say that we are not really certain whether such methods as have been applied to their reduction in the past have been effective or not. Certainly we cannot hope to abolish them entirely. But three methods may be very briefly outlined, in increasing order of difficulty of application, on which there is a growing measure of agreement as to the hopes which we may expect from them.

(a) The first is the wider dissemination of information and greater degree of publicity of the current data, both of the general business

situation and of particular markets: more especially such data as the extent of the market and its relation to others, the share of each market held by particular competitors, the volume and amount of current contracts and orders. Objections to such exchange or dissemination of information have been raised by business men as destroying the possibilities of competition, and by others who have pointed to the possibilities of collusion or "rings". But without going into the question in detail, among the preventable types of fluctuation are those due to the errors in estimates, the mistaken forecasts made, of the markets for particular products and for particular competitors; and increasing the availability and use of knowledge relating to these is one requirement needed if the risk of such errors are to be lessened in the future. The increase in the availability at least, of business statistics, which has been so marked a feature in the post-war world is in this direction, therefore, a cause for optimism.

(4) Hopes lie, secondly, in the increase of control over the business situation in particular countries which may be exercised by central banks with the perfection of the technique of credit control, provided that the banks control the larger part of the market for short loans. Defects in this mechanism at present, which still have to be met, are that in U.S.A. the main Federal Reserve Bank does not yet control ~~enough~~ <sup>sufficiently</sup> of the available-loan market, and that the Bank of England does not find itself in a position to set up the stabilization of prices rather than of foreign exchange rates, as its aim. But in a gold standard world the limits forced upon the functioning of the banking system rest with the gold supplies and their use. It is this fact which renders the method of credit-control in any one country insufficient, and transfers our hopes to the possibilities of cooperation between the central banks of the world.

(c) The third policy to which reference may be made, in view of the increasing advocacy which it has received in recent years, is the long-range planning of public works: the holding in reserve of expenditures on Government work, particularly on big construction projects, which in all countries is of considerable size - with a view to timing the bulk of these expenditures during periods of depression. The method of operation of such a policy is not so much to aim at checking the causes of the trade cycle as to accept the cycle and plan ahead for the eventuality of bad times. Its success depends essentially on the extent to which work in sufficient quantities or on large projects can be sufficiently concentrated, and the perfection of organization by which this is to be achieved: but on general grounds alone, efforts devoted to long-period budgeting, of some parts at least of capital national expenditures, is a policy which offers possibilities worthy of trial.

6. We come again, finally, to the world causes of unemployment, the remedies for which can come only from international cooperation. Predominantly those causes are linked to the functioning of the gold standard, although the problems of reparations and of the obstacles to commerce are important enough to be mentioned separately. Unless the problem of world prices is attacked, however, its effects are likely to counteract, if not to over-ride, what efforts are made in other directions. It is difficult to underestimate the importance, therefore, of the attempts which are being made through the League of Nations to perfect international banking and financial operations, to determine the methods best adapted for securing a better distribution of gold and a greater degree of control over the price level, and to secure the cooperation of bankers and governments in operating them. Without

entering into detail, there is need for greater freedom and power of action on the part of central banks, including the power to cooperate; and for economies in the use of gold and the reduction of gold transfers. The reduction of legal gold-reserve requirements, the restriction of the use of gold to the liquidation of national balances of indebtedness only, and the increased use of the Bank of International Settlements as a means of reducing unnecessary gold holdings and transfers, are other methods, which have now been recommended to the League Secretariat.

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You have borne with me while I have attempted to go through the whole range of problems which, <sup>as</sup> I indicated at the outset, is what "unemployment" really means. My central thesis has been that the problem presents itself for solution essentially as a community problem - and the term "communities" when employed in connection with unemployment usually means, and the most important communities concerned are, cities and nations - while comprehensive realization of its nature demands, at least in part, an international point of view. I think I should prefer to close with an indication of what that community problem is in human terms, and why it demands our attention. <sup>//p</sup> I have not referred to the effects of unemployment, but they are manifold, too. Unemployment means, not merely idleness and the cessation of income. It means, ~~even for the single man,~~ the downward drag on vitality and character which idleness and living on inadequate savings involve at an early stage, and the mingling of the good and the bad among the jobless, if his unemployment is for long. It means even greater strains on family life, whether they come from the unemployment of dependents or of breadwinners - incurment of debts, the under-nourishment of children, the increase of mental as well as economic strains for mothers. It

# NO SIMPLE REMEDY FOR UNEMPLOYMENT

International and Communal  
Problem, Declares McGill  
Economist

## FOUR GROUPS OF CAUSES

Policy of Permanent Machinery,  
Including Exchanges  
and Insurance Scheme, Ad-  
vocated by L. C. Marsh

Permanent machinery is needed to meet the unemployment problem, Leonard C. Marsh, lecturer in economics at McGill University, who has undertaken a complete survey of the whole problem, declared before the People's Forum last night.

Mr. Marsh divorced the unemployment problem from the present depression, treated it as something that will have to be contended against at all times, but declared that the one consolation that may be hoped for from the present depression is the realization that permanent machinery must be established to deal with the problem, machinery which will face the fact that some measure of unemployment is likely to remain with the world as a social cost of the present economic organization.

The title of Mr. Marsh's lecture, "Unemployment — An International and a Communal Problem," indicated the way in which he proposed to treat the subject. Four generalizations were first laid down: unemployment is essentially a complex problem; that is, there is no simple remedy, no panacea, for it. It is a communal problem; that is, it is due to more than personal causes and can be met only by more than individual effort. Unemployment entails a downward pull on character; that is, reduced ability and even unemployability may well have been begun by unemployment, caused by the temporary breakdown of the economic system or by industrial change, in the first instance. Finally, whatever the state of trade, and whatever the efficiency and qualifications of individuals, unemployment is a function of the organization of the labor market as a whole.

Discussing the need for a permanent organization if the problem is to be dealt with adequately, Mr. Marsh cited as an alternative to this the hasty initiation and operation of emergency policies in times of depression, when constructive and far-sighted measures are difficult both to inaugurate and to finance, besides the lack of appropriate provision when trade is relatively good.

Unemployment, he continued, is a world problem in particular for two reasons. The first is the simple fact of international trade, the second is the gold standard, to some form of which two-thirds of the world, measured by population, is in adherence.

### FOUR GROUPS OF CAUSES.

Turning to the causes of unemployment Mr. Marsh discussed separately four groups of causes: (1) Seasonal fluctuations, apparent in this country more than in some others; (2) cyclical or "trade cycle" fluctuations; (3) technological changes, and (4) causes specially relevant to the post-war situation and to the present depression.

Discussing remedies, Mr. Marsh mentioned a three-fold distinction which, even if it is difficult to maintain in practice, should at least be kept in mind. That is the distinction between palliative or emergency measures, usually involving the distribution of relief and emergency employment provision; remedial or constructive measures, usually requiring a permanent basis, which have among their aims assurance against complete cessation of income and the social disasters this entails, the preservation of the industrial ability of the worker, and organized assistance in securing re-absorption into industry; and preventive measures, designed to remove the cause of unemployment by removing fluctuations, or stabilizing employment in particular industries or in industry as a whole.

The first need for a comprehensive policy—and this applied to every country—was some type of permanent advisory body, whether separate or part of a Government department, which could concern itself with the functions of receiving and conveying to the appropriate agencies knowledge of the current situations, of local conditions and national problems, possibly undertaking research on its own part, sifting plans for relief or assisting the co-ordination of the work of agencies already in operation, drawing up or operating a long-period policy. In Canada, Mr. Marsh thought, where four or five cities are the main centres of unemployment, there was a case for setting up some such body in each city to co-ordinate the unemployment work of all existing agencies.

Secondly, he advocated a system of employment exchanges and the establishment of a carefully planned and properly administered unemployment insurance scheme as the soundest permanent basis for relieving the distress otherwise likely to result from unemployment.

The next sphere of remedial policies was that of action taken by the industries themselves, whether to stabilize employment, to meet seasonal or cyclical fluctuations which affect them, or to meet difficulties of technical change and labor displacement.

sends wives to work, often at low wages, and to heavy tasks, or children into employment at too early an age. It imposes a burden on welfare and charity agencies in bad times, which disorganizes their efforts at remedial treatment. The continuous risk of unemployment, in the absence of organized schemes to meet it, clogs industrial efficiency through the workers' fear of it; the actuality is a clog to industry by reason of the reduction of the purchasing power exercised by those displaced. And these effects, which are true of irregular or under-employment, as well as of spells of complete unemployment, could be further listed. To a very large degree it is the social problem, rather than a part of it. The one, and only, consolation that we must hope to derive from the present depression is that the impression it has made, even in a country with so sound an economic basis as this, and the reactions to which it will give rise, will operate as a stimulus in every sphere, to endeavors to prevent its recurrence, and to the fashioning of permanent machinery to deal with it - machinery which will face the fact that some measure of unemployment is likely to remain with us, as the social cost of our present economic organization, for some time to come.

Leonard C. Kravich

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