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REPORT BY MOLKENBUHR

SUBJECT MATTER UPON WHICH TO BASE A JUDGMENT ON THE UNEMPLOYMENT QUESTION

The unemployment question has in recent times occupied the attention of almost all politicians who are interested in Social Reform. The chief problem arising out of this question is how the worker is to be protected from the physical and moral results which follow in the train of unemployment. The question can only be finally solved when the worker ceases to be an object of exploitation for capitalists. When socialistic production replaces capitalistic production then all the horrible effects of unemployment will disappear of their own accord. But unemployment may be minimised even under the capitalistic system of society. Our first business is to recognize the causes and the extent of unemployment.

In the following pages it is not my intention to deal with the question exhaustively, but I shall satisfy myself with laying before you subject matter which I have taken from the Economic History of Germany and which will serve as a basis for examining this problem.

Germany may be regarded as one of the youngest industrial countries. Only thirty years ago Germany was an agricultural

country. Out of a population of 35.2 million 19,225,455 i.e. 32.5 per cent, obtained their living as agricultural workers, 16,058,088 i.e. 35.5 per cent obtained their living in trades, industries, mines etc., and 4,531,080 i.e. 10 per cent obtained their livelihood in commercial and traffic concerns. In 1907 the population had increased to 61,720,529 but only 17,681,176 i.e. 28.5 per cent obtained their living from agriculture, while 26,386,537 i.e. 32.8 per cent obtained their livelihood in trades and industries, and 8,278,329 i.e. 13.4 per cent obtained their livelihood in commercial and traffic concerns. Thus the whole of the increase in the population was absorbed in industry, trade and traffic. In 1882 Germany was a country from which people emigrated. In the five years 1880 to 1884, 864,265 over-sea emigrants left Germany. In the five years 1905 to 1909 there were only 135,649 over-sea emigrants. At the present however the immigration is greater than the emigration. In 1890 there were 453,254 foreigners in the German Empire, in 1900 778,737, and in 1910, 1,259,873. Foreign workers are being continually drawn upon by capitalists and the big landowners to such an extent that there is always a surplus of unemployed.

Exact figures for the number of unemployed in the year 1895. In this year two censuses of unemployed took place, one on the 14th. of June in connection with the Trade and Industry Census and on the 2nd. of December the Census of the people.. In addition to those who were unable to work on account of illness the following were unemployed :—

	On the 14th of June	On the 2d of Dec.
Agricultural workers	19,204	162,472
Industrial and trade workers	159,800	391,174
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	179,004	553,646

The year 1895 was an average year.

The crisis of 1892 had passed, but the highwatermark of prosperity had not yet been reached. Later inquiries reveal, however, that the 2nd. of December was not the time when unemployment was at its greatest. As a general rule there were more unemployed at the end of January. The following figures are for the year 1905 :

Workers and employees connected with agriculture 5,723,967 ;

Workers and employees in trades and industries, and traffic 8,434,290 ;

In the figures for trade workers the workers of various kinds and groups of wage earners and the workers in market-gardens and workers employed by animal breeders were included. If these are not included then the numbers for purely trade and traffic employees and workers are as follows :

	Connected employees and workers	Increase	P. c.
1882	4,431,213	—	—
1895	7,320,448	2,889,235	65.2
1907	11,266,072	3,945,624	53.9

Inasmuch as up to the year 1900, about 80 per cent, and since the year 1901, about 85 per cent of these workers have been insured against accident in the Employer's Corporations for Insurance Purposes, established by Law, one may see from the statements of accounts of these the fluctuation in employment. In a very large number of trades the number of working days was much less than 300 in the year. In the building trade the average was only 220 to 224 working days per year. That is, building workers must reckon on an average with 76 to 80 unemployed days in the year. Frost in the winter, rain, and the days of unemployment which follow immediately after the completion of a building, are regular occurrences. Bargemen, agricultural workers, brickmakers and workers in many other trades are very largely dependent on the weather for employment—bad weather means unemployment. In other trades there is the so-called season which causes fluctuation in employment. During the season the workers are often compelled to work very long hours and then between the seasons there are periods of unemployment.

Then there are the so-called harvest season workers who are able to find employment only at certain times of the year when the raw material is available. Periods of prosperity alternating with periods of bad trade result in fluctuation for the greatest part of the workers. The accounts of the insurance corporations above mentioned offer substantial proof of the extent of unemployment in times of crisis. According to the Trade and Industry Census the average annual increase of trade workers in the period 1882 to 1895 was 222,403 and in the period 1895 to 1907 328,802.

We cannot take the same periods in connection with Accident Insurance because Accident Insurance was introduced in the second half of the eighties and because the number of insured was increased in 1901 by the inclusion of all butchers, fitters, smiths, beer brewers and window cleaners, and these workers were only insured previously in concerns where more than ten persons were employed or where the machines were driven by elementary power. In the period from 1888 to 1900 the number of persons insured in the Insurance Corporations rose from 4,320,663 to 6,928,894 i.e. an average of 217,353 per year. For the period 1901 to 1902 from 6,884,075 to 10,178,177, i.e. an average of 299,501 per year.

In the period 1888 to 1900 instead of the average increase of 217,000 there was in the year 1892 a decrease of 15,280. Then come an increase for 8 years. The year 1901 should have been a year of special increase because the newly insured workers entered, but instead of this there was a decrease of 44,818. Then followed 6 years of increase. But in the year 1908 instead of an increase of a round 300,000, there was a decrease of 100,595. Now followed four years of increase and then the year 1913 came with a very big decrease. The periods of prosperity are becoming shorter and shorter. First it was 8 years, then 6, later 4; and the crises following upon the periods of prosperity are more severe, each one being more severe than the previous one. The simple figures showing the decrease in the number of employees do not give any idea of the extent of the crisis in certain trades and in certain districts. There is always the natural increase also in times of crisis. There are always a certain number of apprentices. The number of apprentices is not decreased in years of crisis. The employers here are compelled by law to retain their apprentices.

There is also a number of trades which are less affected by the crisis, for example, Gasworks and Waterworks, Tramways etc. In 1908 of these 66 Insurance Corporations there were 20 with 3,379,000 insured, an increase of 162,200. The other 44 Insurance Corporations showed a decrease of 263,000. The first place was occupied by the Building Trade with a decrease of 105,000. Then followed stone quarries and brick works with 43,400, and in the following year a further 45,200. The number of employees engaged in working up iron, steel and other materials into metal ware and in the construction of machinery dropped by 54,200, workers em-

ployed in the textile industry by 23,500, and the wood-workers also showed a decrease in the number of employees. Every period of unemployment leads to terrible devastation. The injury to life and health as a result of want and privation is incalculable. Many a good active worker becomes an early invalid as a result of privation. Many try to obtain the means to satisfy their hunger by begging. The highways are peopled with cold and hungry workers. If they are caught they are punished for begging. Vagabondism leads to spirit drinking and many an otherwise good worker sinks down to the level of the gutter.

The criminal statistics show how crime increases. In 1891, in the year before the crisis, 97,933 persons were punished in Germany for theft; in the year 1892, which was a year of crisis, the number rose to 109,193. As trade improved the number sank and in the year 1896 it was 91,147. In the crisis years, 1901, 1902 the numbers rose to 101,558 and 103,895. Then there was a decrease in the year 1904 to 98,882, but again in the crisis year 1908 the number quickly increased to 115,974. What I have said of vagabondism holds good here. Many a man who is forced to steal through privation, becomes an habitual criminal, whereas he would have otherwise have continued to work the whole of his life as an honourable diligent worker.

It is not possible to prove statistically how many women workers are driven by need and privation to prostitution. It is certain however that periods of unemployment lead to incalculable desolation. In addition to the moral injury there is also the economic injury which must be taken into consideration. The unemployed who become vagabonds or prostitutes are a heavy burden of expense upon society. In the case of many who have become depraved it is possible to estimate, how much they got through their begging or stealing and what their trial and punishment have cost. It is certain that in most cases a fraction of this sum would have been enough to retain the unemployed worker as a useful member of society. The principle here holds good, that prevention is cheaper, better than cure... It is certainly possible by means of statistics to put down in black and white the number of days of unemployment. This is possible in Germany by means of the sickness insurance. If one would calculate how much the maintenance for unemployed would cost one certainly comes to a very high sum,

but this is far smaller than the sum which is expended every year on armaments. But the sum arrived at is much too high because unemployment leads to unemployment. Nowadays the majority cease to be consumers when they become unemployed. They are not in a position to secure for themselves what they need, and this has the further result that those workers which produce these necessities of life lose their work. If these unemployed are maintained in the position of consumers then the unemployment which is brought about by their ceasing to be consumers would be obviated and would no longer assist to increase the crisis. The first step towards improvement is the solution of the question, how can one best retain the unemployed as consumers. This is certainly possible through a good scheme of unemployment insurance. If the workers during the days of unemployment are given enough to provide the means of subsistence, then they remain as paying consumers. But all sorts of possible arguments are put into the field against unemployment insurance. Even those who wish to minimise the bad effects of unemployment declare that the introduction of such insurance is faced by insuperable difficulties. These difficulties could easily be overcome if the insurance were placed under the control of the workers. They know how to prevent a misuse of it. In the case of sickness insurance the workers established sick funds before the Government attempted to legislate for sickness insurance. And now again the workers are setting a good example. The number of organisations of workers with nearly 2 million members have already established unemployment benefit. This part of financial support has the disadvantage that the workers alone have to bear the cost. If unemployment insurance is to realise its purpose then must the State and the Municipalities and Employers contribute to the expense. When these take their share in bearing the expenses, then we shall certainly be able to calculate upon the best ways and means being sought for to fight and combat unemployment itself. That it is possible to reduce unemployment to a minimum has been clearly shown by Karl Marx in his « Capital » (Vol. I. People's German edition, pages 573 and 574).

The scale of production has been extended to an extent which Karl Marx, in 1867, was scarcely able to imagine. If we compare the gross trade of the present day with the gross trade of England in the sixties, the trade of the sixties is dwarfed. When capitalism

of a country develops, the existing labour power is insufficient to supply the need in times of prosperity.

America and Germany are classical examples of this. More productive than the goldfields of California were in the building up of fortune are the masses of the workers, by means of whose strength and skill materials etc., which are apparently worthless, are changed into ringing gold.

If unemployment among large numbers cost the State and the employers a large amount of money, they will soon begin to think of means for avoiding it. One of the accompaniments of all kinds of insurance is the efforts which are made and consideration which is given to discover means of preventing those who are insured from coming into the position of being able to claim insurance money. Fire insurance has resulted in increasing the safety of buildings against fire and the construction of fireproof buildings and the improvement of the means of overcoming and subduing outbreaks of fire. Marine insurance has had the effect of increasing the sea-worthiness of ships. The insurance of workmen against accidents now has the effect of encouraging preventive measures and the result of the invalidity insurance is that every year some dozen million marks are spent in securing and maintaining health in order to prevent men calling upon the invalidity insurance fund. The prevention of unemployment would offer fewer difficulties than the prevention of fire, shipping disasters, accidents and invalidity. Of very little use, if not completely useless, are the so-called « emergency works » which have been engaged upon up to the present. This often means a sort of Poor Relief, by means of which those who are benefited are unnecessarily troubled and worried.

As more and more attention is paid to methods of work, the more do workers become specialists. Only by the most highly developed division of labour can one obtain the proficiency at present required. The more a man specialises in one branch, the less able is he to do other work. If he is temporarily compelled to take over other work, then he loses the skill which is required in his own branch. If a cigar maker, a tailor, a milliner, or a fine mechanic, were appointed for a long period to do heavy manual labour, he would accomplish very little, but he would lose much of his skill in his own trade. Thus ways and means must be found to employ

every craftsman in his own trade. If there is no such work available, the man must be granted the means of subsistence. If the means were provided, for enabling unemployed to claim unemployment benefit which the State and the employers have to provide, sufficient opportunity for working would soon be found. To work means to produce something, it is only a question as to whether the thing produced can be used.

Recently the building workers have suffered under the crisis. Instead of the annual average increase of 35,000 in the year 1901 there was a decrease from 1,156,923 to 1,096,600 i.e. 60,323, and in the crisis of 1908 there was a decrease of 105,000. The number of unemployed building workers in 1901 may be put down as 95 thousand and in 1908 at 140,000. The exact figures for 1913 are not yet known but where we have the figures for certain districts we know that these figures far exceed those of 1908.

Now it can be proved, that if all the school houses, hospitals, sanatoriums and convalescent homes for people suffering from illnesses which are a danger to the general public had been built, all these building workers might have been employed. The erection of these buildings for purposes of humanity and in the interest of the general well-being would have had the result of giving employment to brickyard workers, quarrymen, cement and mortar workers, workers in the iron industry and in the timber trade, etc. The vast majority of unemployed would have disappeared from our streets and highways and they would have become users of other trade articles. How much work is waiting to be done in connection with road making railway construction, bridge construction, canal constructions, etc., one may judge from what one hears annually in the Prussian Parliament when the Railway Budget is discussed. Hundreds of members send in their names to speak, and refer to the deficiency in the railway system. If only the most necessary constructional works were carried out then there would be no unemployment for diggers and navies for generations. Stations and good sheds would also be required along the line. The construction of canals, the construction of drainage and irrigation works, the cultivation and afforestation of waste lands are all quite as necessary. A further means of reducing unemployment is the regulation of the work time. If for example the majority of the season workers were prevented from working such inhumanly long hours during the season, then the so-called

staple articles would not be made in the season, but would be made rather in the time between the seasons.

A general scheme of unemployment insurance would give an exact picture of the existing labour available and also of the needs of the employers. One can then, by arranging the work-time, secure a better proportion between supply and demand. We should immediately have the incentive for a legal regulation of work time as soon as the State had the responsibility of providing the means for maintaining and supporting the unemployed.

That there are many other questions which are closely connected with the reduction of unemployment, e.g. the regulation of the labour exchanges, regulation of the work-time, arranging for special work etc., is clearly evident.

It is the business of the workers to bring into the fore-ground the question which is of the greatest interest to them in the solution of this problem. And that is the question, What must happen in order that the day when unemployment begins may not also be the day when poverty and privation begin? When the man who is out of work has something to eat, unemployment has lost its greatest terror of, then this question comes to the front. How are the expenses of unemployment to be reduced? And there is another question. How is unemployment to be reduced? These questions will be considered by the ruling classes for the first time when the effects of unemployment on them are different from what they are to-day. At present, capitalists make use of unemployment in order to make worse the conditions of wages and labour in the times of crises. If this is rendered impossible, by the unemployed being no longer driven by hunger to work at almost any price, and if unemployment means the expenditure of solid cash then will the employers soon find means themselves of reducing unemployment.

HERMANN MOLKENBUHR.

RESOLUTION

« The effects of the accumulation of capital are to be seen in the rapidly accelerated inclusion of ever larger bodies of people as objects of exploitation under its control. With the development of

capital the position of the worker becomes more and more uncertain, in short intervals periods of strain follow periods of depression and unemployment. In normal times and even in times of prosperity there are periods of unemployment for many workers whose work depends upon the season and the weather. With the progressive division of labour workers are becoming more and more specialists and their activities are becoming more and more limited and their existence is endangered when there is no work to be found in their special branch.

The fluctuation in the economic life and in the labour market becomes greater and greater. After ever shorter intervals crises appear and an ever increasing number of workmen are doomed to unemployment. Unemployment is very much increased by the system of limitation of production practised by syndicates. As a general rule the wages are sufficient to supply the worker with what is absolutely necessary only during the time that he has work. When unemployment comes it means for the worker and those dependent upon him—underfeeding poverty and privation. Underfeeding and lack of nourishment undermine health. Illness and increased mortality are the results. Unemployment increases crime, vagabondism, and drives female workers to prostitution. It is very difficult for unemployed workers who have been forced on to the slippery downward path to recover themselves. Workers who are in employment also suffer from the results of unemployment because employers take advantage of the extra supply of labour to viciate the wage and labour conditions.

The need can only be completely removed, when the exploitation of the workers disappears and in place of capitalistic production we introduce socialistic production. The evil effects of unemployment can be diminished by a scheme of unemployment insurance under the control of those who are insured.

This Congress therefore demands that unemployment insurance be introduced in which the State and the Employers are called upon to provide the necessary funds.

This Congress sees in unemployment insurance a means of combatting unemployment. Unemployment can be diminished :

1. By increasing the consuming ability of the worker.
2. By regulating, that is, shortening the work-time.

3. By carrying out constructional works which are required in the interests of civilisation, such as the building and furnishing of schools, hospitals, sanatoriums, and convalescent homes for combatting illnesses which are a danger to the general public ; and further the building of healthy homes for the workers.

4. By carrying out constructional works required by the means of traffic, such as the construction of railways, canals, etc.

5. The cultivation of waste lands. »

HERMANN MOLKENBUHR.
