



## The Use of the Employment Exchange Service in Great Britain as a Labour Clearing House

*Among the functions of the Employment Exchanges in Great Britain the payment of unemployment insurance benefit has in recent times tended to obscure the importance of other activities, which are less well known, but demonstrate that the original function of the Exchanges is not being neglected, and that they are actively engaged in the task of bringing order and efficiency into the labour market. The following article, which has been placed at the disposal of the International Labour Office by the British Ministry of Labour, describes the way in which the Exchanges act as a clearing house for labour, and explains the working of the machinery that is set in motion throughout a series of gradually widening areas to find the worker or workers best suited to a particular vacancy which the local Exchange is unable to fill. Some interesting figures are given to indicate the magnitude of the operations of the clearing-house system, and the increasing use made of it by employers.*

**T**HE Employment Exchanges in Great Britain have now come of age : it is twenty-one years since they were first established. At this stage of their existence it should be possible to say with some certainty whether they are fulfilling the function for which they were primarily established—to bring labour supply and demand in touch with each other.

During the first six months of 1931, a period of deep trade depression, the Employment Exchanges in Great Britain filled one million vacancies, a record number for any half year. These vacancies were of all types, skilled and unskilled. In the building trades, for example, more skilled than unskilled vacancies were filled by the Exchanges during 1931. While no exact figures can be given, it is estimated that the Exchanges now fill one vacancy out of every four : in the case of women and boys and girls one vacancy out of every two is filled by the Exchanges or by the

Juvenile Employment Bureaux of Local Education Authorities working in conjunction with the Ministry of Labour.

These figures, it may be urged, interesting as they are, do not answer the question of the extent to which the Exchanges act as a clearing house for labour, and it is with the object of providing an answer that these few notes have been compiled.

The use of the word "clearing house" should perhaps be explained. The term has been adopted from the terminology of banking. "Clearing", in British banking practice, is the adjustment of the payment due to or from each banker on cheques held by him on other banks or held by others on him. In the Employment Exchange organisation, "clearing" is the process of ascertaining day by day, and throughout each day, particulars of vacancies which the various local offices are unable to fill from their own registers, and particulars of workers who are suitable and available for transfer to other areas. The Clearing House is the repository of this information and its Officers issue directions to Local Officers so as to link together supply and demand.

In Great Britain, when a vacant situation is notified to one of the 1,200 Employment Exchanges or Branch Offices, and no suitable worker is registered locally, the field of search is extended by successive stages, carefully arranged to avoid loss of time, until, if necessary, each of the 1,200 Local Offices in Great Britain is "combing" its register in an endeavour to fill the want.

The first stage is the circulation of the vacancy within what is termed a "group clearing" area, or, in effect, to the neighbouring Exchanges. The Exchange which is unable to fill the vacancy notifies to other Exchanges in the same "group area", by post, telephone or telegram, according to the degree of urgency, full particulars of the vacancy which it cannot fill from its own register. Exchanges within "group areas" are aware of the other Exchanges in the area to which particulars of vacancies may be sent with most advantage, having regard to the industries in that area, and if the vacancy is not easy to fill, it may be assumed that within a very few hours all the surrounding Exchanges will have been approached by the Exchange to which the vacancy was originally notified.

An important development of the group clearing area is the "intensive clearing area". In some industrial districts where the boundaries of Exchange areas have only an administrative significance and where there is natural mobility of labour, the

registers of all the Exchanges are, in effect, combined to form a single pool from which the most suitable workers available may be submitted without delay for vacancies notified to any Exchange in the area. Each such area has its own Clearing House, to which returns of surplus labour in selected occupations (changed from time to time in accordance with the variations of demand) are sent at short intervals by all the Exchanges in the area, and when any Exchange in the area has not on its own register workers possessing the necessary qualifications and experience to meet a local employer's requirements, or if it believes that the Clearing House may possess particulars of surplus labour in other Exchange areas more suitable for the vacancy, details of the vacancy are telephoned immediately to the Clearing House. The object of this procedure is to ensure that the most suitable workers in the area, as a whole, are submitted for the vacancy. This type of clearing machinery has been established in Greater London, Birmingham, Manchester, Merseyside, Tyneside and Clydeside. An employer, say, in Glasgow, when he notifies a vacancy to an Exchange knows that he will be sent not merely a qualified worker on the register of the local Exchange but the best qualified worker to be found on Clydeside in the time available.

The second stage is still further to widen the circulation of the vacancy. For Employment Exchanges purposes, Great Britain is divided into seven Divisions—South Eastern, South Western, Midlands, North Eastern, North Western, Wales and Scotland. If circulation to neighbouring local offices or within an Intensive Clearing Area has failed to produce the worker required, or even when there is some doubt as to the possibility of filling the order immediately in this way, the Divisional Clearing House is notified, and communicates particulars of the vacancy by telephone to any Exchange which has shown, by the details of surplus labour periodically furnished by Exchanges to Divisions, that it is likely to have suitable applicants on its register. If telephone action is unsuccessful, particulars of the vacancy are circulated to all Local Offices in the Division in daily lists of vacancies.

The third stage is national circulation. If no worker with suitable qualifications can be found within the Division, the vacancy is notified to the National Clearing House and particulars are circulated in printed Daily Sheets, which are received by every Local Office on the day following the receipt of the particulars of the vacancy at the National Clearing House. In case of emergency, it is possible to give national circulation to a

vacancy within twenty-four hours of its notification by the local employer. In suitable cases, national circulation is arranged without waiting for divisional clearing action.

This procedure, involving the gradual extension of the field of search for the worker with the necessary qualifications, is that normally employed, but there are three other methods which are used in appropriate cases—"direct" clearing, "connected Exchange" clearing, and "secondary registration". An Employment Exchange Manager may know that unemployed men of a particular occupation are usually to be found in certain Exchange areas other than those included in its own telephone clearing area. He is allowed, therefore, to short-circuit the normal procedure and telephone direct to any area which is likely to have labour of the type required. If, for example, a specialist in any branch of shipbuilding is required at Southampton, the Manager of the Southampton Employment Exchange would be justified in telephoning at once to the local Clearing House on Tyneside, Clydeside, or Merseyside. In some cases, Exchanges are definitely linked or connected for this purpose. An urban Exchange, for example, will be linked with a particular seaside resort for the purpose of clearing seasonal and domestic vacancies.

Another method of clearing is by means of what is termed "secondary registration". This method may be best explained by an example. In London, there is a specialist Employment Exchange which deals only with better class vacancies in the hotel and catering trades. This Exchange has two registers. The first, or primary, register contains the particulars of those workers in the neighbourhood of the Exchange who have applied personally. The secondary register contains the particulars of workers with appropriate qualifications and experience registered at other Exchanges in other parts of London or in the country. The existence of this secondary register makes it possible for the Hotel and Catering Trades Employment Exchange to fill vacancies in any district with qualified workers in the vicinity or, if need be, to transfer expert workers from one district to another to meet a local need.

In London, the problem of clearing is particularly complicated. The residential population of Central London is only a small fraction of the daily working population, and, in consequence, practically all vacancies in Central London require to be filled by workers registered at Exchanges outside the Area. But the clearing machine has to take account also of the fact

that there are large and developing industrial areas to the North-West and to the South-West and to the East of London. These rapidly developing suburban industrial districts cannot supply all their own workers and it is essential that the London Clearing House should be capable not only of placing suburban workers in touch with vacancies in the centre of London, but of bringing workers from other industrial areas in London or in Great Britain to meet the special needs of the numerous factories which are springing up on the outskirts of the metropolis.

The various methods of clearing vacancies which have been briefly described in this article are linked together under national direction to form a coherent and efficient machine, but this machine would not function with any chance of success if it were not based on a highly developed technique. In any commodity market, the various grades of the commodity to be sold or bought are closely defined. If wheat, for example, is described as No. 1 Northern, both the buyer and the seller know precisely what is meant by the description. But in the labour market, simple definitions are at a discount. No worker has precisely the same qualifications as any other workers and no two situations are precisely alike. It follows that any national clearing machinery, if it is to fit the needs of employers and workers, must depend on an extremely accurate system for describing both workers and vacancies. The number of different occupations recognised by the British Ministry of Labour is 506 and each occupation is divided into numerous sub-occupations. When an employer notifies a vacancy, that vacancy must be entered correctly under its occupational or sub-occupational description and, in addition, a note must be made of the individual details which, in practically every case, will differentiate that particular vacancy from any other. Similarly, the qualifications of the worker must be registered, and here a compromise must be effected between undue detail and a skeleton picture which would serve no useful purpose. Unless precisely the same technique is in use at all the Offices concerned, serious mistakes are bound to occur.

Apart from technique, a really successful system of clearing vacancies must be based on a centralised and uniform knowledge not only of the requirements of particular trades and industries but of the labour situation in each area covered by the organisation. The British system of clearing vacancies depends for its success on the fact that, with certain exceptions, the whole industrial population when unemployed registers at the Ex-

changes. This makes it possible for the demand for labour to be co-ordinated with the supply, nationally as well as locally, and by occupations and not only in bulk.

The scope of the organisation, the main outlines of which have been sketched in the preceding paragraphs, is shown by the fact that during 1930 more than 300,000 vacancies were filled by means of the clearing organisation out of 1,750,000 vacancies filled through the Exchanges during the same period. Roughly speaking, the vacancies "cleared" in this way were of four main types. The first type consists of vacancies requiring special or peculiar qualifications. The second type consists of bulk or group vacancies. An employer, for example, may establish a factory in the North-West of London and may require workers of many different occupations more or less new to the particular locality. Then there is the important group of seasonal vacancies. Labour may be needed to pick fruit, to hoe sugar beet, or to staff a boarding house at a seaside resort. Employers have found that the most convenient and the quickest way of collecting the labour they need for seasonal work is through the Exchanges. During 1930, for example, nearly 50,000 women and girls were placed in seasonal employment at seaside and inland holiday resorts through the Exchanges. The fourth type has an importance of its own. The clearing organisation is used to "drain" depressed industrial areas of their surplus labour. For one reason or another, the staple industry of a district may collapse and all the workers who look to it for their livelihood are industrially marooned. One of the main objects of the clearing organisation of the British Ministry of Labour is to transfer these marooned workers to areas where there is likely to be work for them.

It should be remembered that, except for relief work labour, no employer in Great Britain is under any statutory obligation to use the Employment Exchange. He can obtain, if he likes, all the labour he requires by the traditional method of engagement at the factory gate. The worker is compelled, if he wishes to draw unemployment benefit, to register at the Employment Exchange, but he can seek for work in any way he chooses. The Employment Exchanges in Great Britain have had to make their way by satisfying their clients. The rapid development of the Employment Exchanges—in the first six months of 1931 more vacancies were filled through the Employment Exchanges than during the whole of 1923—is due largely to the increased effi-

ciency of the methods used for clearing vacancies. A large number of employers engage staff solely through the Employment Exchanges because they appreciate that a vacancy notified to one Employment Exchange is, in effect, notified to all the Employment Exchanges in Great Britain.

The three main avenues for obtaining employment are, in order of importance as measured by the total numbers finding work by means of them : (a) the personal search including answering press advertisements; (b) the Employment Exchanges; (c) the Trade Unions.

Every unemployed insured worker who makes a claim to benefit or registers for employment lodges his Unemployment Book at an Employment Exchange and is given in return a receipt known as a U.I.40 Card. When the worker resumes employment, he returns the U.I.40 Card to the Exchange, giving on it the name and address of his new employer. These Cards are examined as soon as they are received by the Exchange and are classified into two main groups :

- (i) those relating to workers who have been placed in their new employment by an Exchange, and
- (ii) those who have found their new employment by other means.

As has been said above, this analysis shows that of the persons obtaining employment in a year, one out of every four is placed by the Employment Exchange Service. The information available at the Exchanges indicates that the great majority of the remainder find work by their own efforts and that the Trade Unions, taken as a whole, play a less important part as direct employment agencies, though in some trades in some districts the normal method of engagement is through the Trade Union. Indeed engagement "at the gate" appears to be a prevailing method by which labour is recruited. It must be remembered that the Exchanges themselves place large numbers of Trade Unionists and this is true even in those trades where the Unions are most active as placing agencies ; for example, in the printing trade, where there is particularly close co-operation between the Unions and employers, the Exchanges placed 9,119 adult persons in employment during 1930. Similarly in the building trade, including works of construction, the Exchanges placed no less than 340,202, and, in engineering, 81,458 persons during 1930. Examples of this kind could be multiplied.

It is a general rule in the Employment Exchange Service that, before labour may be brought into any district from other areas, the local branch of the appropriate Trade Union shall be consulted in case they may know of unemployed members available for the work. Every insured member of a Trade Union who wishes to claim Unemployment Benefit must make his claim at an Employment Exchange. Thereafter he must give evidence of his continued unemployment by signing the register at the Employment Exchange. Alternatively, the Trade Union Secretary is required to furnish a weekly return, in a prescribed form, of the unemployment of those of his members who are claiming benefit. The majority of Trade Unions have in fact adopted the first method of giving the evidence of unemployment; but, under both arrangements taken together, the Exchanges are in possession of almost complete information about unemployed members of Trade Unions and are rarely able to profit by information which is possessed solely by the Trade Union in respect of members who are not claiming benefit.

It is often thought abroad, and in Great Britain, too, by those who are not in touch with industry, that the British Employment Exchanges are used solely to distribute unemployment benefit. This belief is not, of course, founded on fact. At the moment perhaps much of the time of this great National Service is necessarily spent on the administration of unemployment insurance, but the results which have been achieved show without any possibility of doubt that the original function of the Exchanges has not been neglected, and that year by year, as they develop, they are bringing order and efficiency into the vast disordered inefficient market, the market for human labour.