4-1990

[Review of the book Interwar Unemployment in International Perspective]

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[Review of the book Interwar Unemployment in International Perspective]

Abstract

[Excerpt] The book redresses two imbalances in the recent literature on interwar unemployment: its almost exclusive focus on the United States and Britain, and its predominantly macroeconomic nature. To achieve these goals, the editors encouraged the authors of the country studies to address a set of microeconomic issues, including the extent to which the incidence and duration of unemployment varied across economic and demographic groups, and the effect of unemployment on labor force participation and poverty. Two macroeconomic issues also are addressed in several of the papers: the effects of real wages and of unemployment insurance on unemployment. These two issues have been hotly debated in the recent literature on interwar unemployment in the United States and Britain, and their discussion here for other industrialized countries represents a significant addition to the current debate.

Keywords

unemployment, demographics, interwar period, United States, Britain

Disciplines

Economic History | Labor Economics | Labor History | Labor Relations

Comments

Suggested Citation


Required Publisher Statement

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programs. The criteria the authors use in these evaluations include rewards for both employer and employees. The former seeks reductions in absenteeism, increased job satisfaction, and improved productivity; the latter also profit by more satisfaction in the job, but as well by having "more time away from work for the pursuit of leisure and recreational activities" (p. 156). That a certain amount of contradiction and illusion is inevitable in this approach, the authors do not point out.

Part 3 is essentially a "how-to" manual for employers. It consists of lists of procedures—things to do and not to do when a new schedule is to be introduced. Some of these are useful, if very general and rather obvious: specifying objectives, making a list of potential alternative schedules, collecting information, evaluating information, planning for implementation, carrying through the implementation, evaluating the new schedule, and fine-tuning it.

No attention is given to the differences between women's and men's preferences for alternative schedules. Working women, even single ones, continue to carry nearly full responsibility for home and children. The reason women fill about 90% of the part-time jobs in this country is that they do not have enough hours in the day to work full time and manage a home unaided. For working women, then, it is not leisure—or, as these authors often put it, "non-work"—that competes with work hours, but the demands of family life. Nothing is more impossible for the working woman than the 10-hour day, even for only four days a week. This gender difference in approach to alternative schedules makes flexible hours more attractive to women than to men and leaves women indifferent or hostile to compressed working hours. Thus, part-time work falls to women. Shift work, to the extent that family demands can motivate a choice that often is determined by seniority, may be a woman's "choice," dictated by the high cost and unavailability of child care. Her husband retains a daytime schedule, while she tries to live under the illusion that she has daytimes at home and works while the children sleep. Her sleep, and in the end her health, is the sacrifice.

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Comparative Industrial Relations


This book contains eleven articles on unemployment during the interwar period in eight industrialized countries. Two of the papers, the introduction by Eichengreen and Hatton and the paper by Newell and Symons, are comparative in nature. The others are concerned with unemployment in individual countries—the United Kingdom (two papers), the United States, Germany, Italy, France, Belgium, Canada, and Australia.

The book redresses two imbalances in the recent literature on interwar unemployment: its almost exclusive focus on the United States and Britain, and its predominantly macroeconomic nature. To achieve these goals, the editors encouraged the authors of the country studies to address a set of microeconomic issues, including the extent to which the incidence and duration of unemployment varied across economic and demographic groups, and the effect of unemployment on labor force participation and poverty. Two macroeconomic issues also are addressed in several of the papers: the effects of real wages and of unemployment insurance on unemployment. These two issues have been hotly debated in the recent literature on interwar unemployment in the United States and Britain, and their discussion here for other industrialized countries represents a significant addition to the current debate.

Considered as a whole, the book greatly extends our knowledge of various aspects of unemployment between the wars. Several of the papers construct new estimates of interwar unemployment rates for particular countries, and provide estimates of the incidence and duration of unemployment by age and gender, often obtained from previously neglected (or unavailable) data sources. The introduction by Eichengreen and Hatton provides an excellent comparative overview of various issues discussed in further detail in the individual country chapters. The other comparative paper, by Newell and Symons, examines movements in unemployment, real wages, and prices in 14 countries for the years 1923-38. The authors conclude that interwar labor markets were characterized by nominal wage rigidity, and that the combination of falling prices and rigid wages was a major cause of unemploy-
ment during the depression. Ironically, the two
countries that do not conform to their scenario
are the United States and Britain.

The two best country studies are Mark
Thomas's paper on Britain and Robert Margo's
paper on the United States. Thomas uses
Ministry of Labour data to calculate the
incidence and average duration of unemploy­
ment by age, gender, and region for the years
1929-38. He concludes that interwar Britain
had a "bifurcated [labor] market, in which
there is at once rapid turnover and persistent
unemployment." High long-term unemploy­
ment was not caused by either generous
unemployment insurance benefits or duration
dependence, but rather by the "peculiar struc­
tural characteristics of the Great Depression of
1929-32." Thomas's paper should be read in
conjunction with the recent papers by Eichen­
green and N. F. R. Crafts on interwar
unemployment. Together, these papers signif­
icantly extend our understanding of various
aspects of unemployment in interwar Britain.

Margo's paper on unemployment in the
United States makes use of a newly available
and very rich data source, the public use
sample of the 1940 census. Margo estimates
logit regressions to examine the determinants
of employment status, the duration of unem­
ployment, and the probability of having a
permanent relief job. He uses his analysis of
work relief to shed light on the issue, originally
raised by Michael Darby, of whether workers
with relief jobs should be counted as employed
or unemployed. Finally, he analyzes the impor­
tance of the "added worker" effect by estimat­
ing a logit regression of labor force participa­
tion of married women. Margo's paper provides
the only multivariate analysis of unemploy­
ment incidence and duration for the interwar
United States, and therefore is a major
addition to the literature.

The papers by Goossens et al. on Belgium,
Green and MacKinnon on Canada, and Gre­
gory et al. on Australia also represent impor­
tant contributions. All three papers provide
estimates of unemployment duration. The
papers by Goossens et al. and Green and
MacKinnon provide estimates of the incidence
of unemployment by age, gender, economic
sector, and occupation, and detailed analyses of
government policies to aid the unemployed.
Gregory et al. compare the functioning of the
Australian labor market, with its high union
density and centralized system of wage setting,
with the "free" United States labor market, and
reach the surprising conclusion that nominal
wages were at least as flexible in Australia as in
the United States.

The remaining four papers are considerably
weaker. Toniolo and Piva's paper on unemploy­
ment in Italy presents a discussion of Fascist
unemployment policies and a sectoral analysis
of the effect of real wages on employment, but
offers no estimates of unemployment incidence
or duration. Silverman's paper on Germany
covers only the period from January 1933 to
July 1935, and consists of a narrative of the
debate between Hitler and his advisors over the
use of public works policies, and a discussion of
the accuracy of Nazi labor market statistics.

The paper by Salais on French unemploy­
ment is disappointing. Salais uncovered a rich
data set consisting of the employment histories
of several thousand individuals in the Paris
region from 1930 to 1939, but his graphical
presentation of the results of his principal
components analysis is extremely difficult to
follow for people not familiar with this tech­
nique.

Finally, the paper by Harris on the effect of
unemployment on health in Britain contains
litde that is new. Harris's only original contri­
bution, his analysis of the effect of unemploy­
ment on the height of school children in eleven
British cities, consists of a simple comparison of
height and unemployment rates, ignoring
differences across cities in wages, cost of living,
and other factors that might have caused the
height differentials.

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