

The U.S. Employment Service at 50: it too had to wait its turn

On June 6, 1933, the U.S. Employment Service was born with passage of the Wagner-Peyser Act; earlier attempts to establish labor exchanges had been controversial and short-lived, but the legislation was virtually unopposed in recognition of depression-era problems

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Like Tom Joad and his family, in John Steinbeck's classic narration of migrant life during the Great Depression, *The Grapes of Wrath*, thousands of Americans searched desperately for employment in the parched agricultural valleys of the southern and western United States of the 1930's. They crossed paths with other itinerant and poverty stricken families, who were also searching for work, and exchanged job information via the "grapevine." Usually the information was inaccurate. Consequently, many families arrived at prospective job sites and found little or no work. Similar tragedies haunted the industrial sector as well, as factories with few jobs to offer found a multitude of people outside their gates who were seeking work. A nationwide cry went out for the government to help the estimated 12.8 to 15 million unemployed find some remunerative work. In an attempt to answer those pleas, the Wagner-Peyser Act of June 6, 1933, created a nationwide system of free public employment services.

Over the years, the employment service has evolved from a simple labor exchange to an extensive delivery service. There were only 42 offices in the Federal-State cooperative venture when it began in 1933, and, in the early years, the Federal half of that partnership assumed more responsibility than originally intended. The employment service's primary responsibility was to connect the jobless with jobs, especially in many of the

public service programs created by the "New Deal." Last year, the 2,400 offices of the service placed almost 5 million people, including 50,000 former participants in public jobs programs who were placed in private sector jobs. In 1982, the service also administered the unemployment compensation program, work incentive programs, and veterans placement operations. A recent addition to its responsibilities was the certification of placements under the targeted Job Tax Credit Program for hiring the disadvantaged.¹

The Federal-State cooperative venture has had its ups and downs, but throughout its history critics and proponents alike have considered the employment service to be a vital government function. In fact, early arguments to create a national labor exchange received very little opposition. Republican Secretary of Labor William N. Doak, referring in 1931 to a proposed service, said, "Employment is the human keystone of all who desire or need work . . . our goal, indeed, is to obtain employment for all." His successor, Democratic Labor Secretary Frances Perkins, agreed wholeheartedly and supported passage of the Wagner-Peyser Act. In the years following the establishment of the first localized employment service systems in the United States during the 1890's, it was the organizational framework that created controversy and debate, not the issue of public labor exchanges itself. This should not be surprising, for the Wagner-Peyser Act was in essence a renaissance of ideas and philosophies that had been around even before the founding of our republic.²

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E pluribus unum

The modern concept of free public employment services originated in Europe. Some historians trace the nascent to medieval times, but most experts place the origins in the 16th century. By 1563, the British government of Queen Elizabeth I had passed legislation prescribing that guilds place apprentices in jobs for at least 1 year following their training. The Poor Law of 1601 consigned job placement of the poor to local parishes; this law remained in effect until 1834, and was used in staffing the textile factories of England during her industrial revolution. By the late 1800's, many of the great states of Europe had experimented with different types of employment services, and the basic idea had emigrated to America. The German-American Printers' Union, for example, had established a free employment agency for its members in New York and other towns by 1888.³

But the first real link between free public agencies in America and those in Europe was forged during the Paris International Exposition of 1889. The Scripps League of Newspapers, interested in the industrial relations of the Old World, sent several prominent labor experts to the exposition. Ohio Commissioner of Labor W.T. Lewis took particular interest in the French system of "Intelligence Offices" which provided job information to the unemployed. He returned home and advocated that the individual States create similar systems. The Municipal Labor Congress of Cincinnati, composed of all the trade and labor unions of the city, drafted this idea into a bill which passed the State Legislature on April 28, 1890, with only one dissenting vote.⁴

The "Ohio Idea," as it was called, established the Nation's first permanent public employment exchanges in the five largest cities of the State. (See table 1.) Governor, and soon-to-be U.S. President, William McKinley appointed Lewis as the first administrator of the program. Within 6 months of operation, more than 5,000 men and 3,000 women had found jobs through the service, and the cost-effectiveness of the overall program, compared with private employment agencies, obviated any other justification. During each of the first 3 years, the efficiency of the exchanges improved markedly, and the appropriations for operations never exceeded \$5,000 in any year.

Other State commissioners of labor praised the "Ohio Idea," and wanted to emulate it in their own territories. L.G. Powers of Minnesota pointed out that in his State men paid \$2 and women 25 cents just to apply for jobs at private agencies, and if a worker was hired the employer paid the agency an additional \$1. Compared with Ohio's system, he stated, the private agencies in Minnesota cost the working people of the State over

Table 1. The placement record of public employment exchanges in Ohio, by city, 1890 and 1891

| Largest cities | 1890 | | | | | |
|----------------------|-------------------|--------|-------------|--------|-------------------|-------|
| | Situations wanted | | Help wanted | | Positions secured | |
| | Men | Women | Men | Women | Men | Women |
| Cincinnati | 1,662 | 1,383 | 1,076 | 1,429 | 867 | 839 |
| Dayton | 1,232 | 670 | 582 | 944 | 422 | 546 |
| Toledo | 1,687 | 729 | 783 | 1,327 | 712 | 639 |
| Cleveland | 2,097 | 857 | 390 | 2,650 | 471 | 1,385 |
| Columbus | 1,118 | 746 | 475 | 1,134 | 357 | 558 |
| Total | 7,796 | 4,385 | 3,306 | 7,484 | 2,829 | 3,958 |
| Largest cities | 1891 | | | | | |
| | Situations wanted | | Help wanted | | Positions secured | |
| | Men | Women | Men | Women | Men | Women |
| Cincinnati | 4,841 | 3,428 | 3,369 | 8,291 | 2,312 | 2,429 |
| Cleveland | 6,308 | 3,830 | 925 | 3,471 | 886 | 2,508 |
| Columbus | 3,128 | 1,739 | 1,534 | 2,268 | 915 | 1,481 |
| Dayton | 3,351 | 2,118 | 1,386 | 2,004 | 790 | 1,119 |
| Toledo | 3,859 | 1,799 | 2,481 | 2,479 | 2,064 | 1,391 |
| Total | 21,457 | 12,914 | 9,659 | 13,513 | 6,967 | 8,628 |

Source: *Annual Report*, Ohio Bureau of Labor Statistics, 1981.

\$20,000 a year. In reference to the "Ohio Idea," Willard Hall of Missouri agreed that "the best argument in favor of the free-employment offices is the self-evident practicability of the system."⁵

One practical aspect of free employment agencies was to stop the illicit, inimical, and immoral methods used by many private agencies. Ohio Commissioner Lewis denounced private employment agencies, except those run by such philanthropic organizations as the Red Cross and YMCA, as frauds. Their existence, he added was for one purpose: "to fleece the jobless." Lewis based his assertion on a report from the Ohio Secretary of State that uncovered myriad cases of abuse and corruption, and concluded that the practices of most agencies were "downright swindles."⁶

Problem touches many States

The problem was not isolated to Ohio. J.R. Sovereign, Iowa's Commissioner of Labor, complained that employment agents in his State were the "most unscrupulous, despicable, double-dyed villains that ever lived. . . ." He compared the agent-client relationship to that of the "spider and the fly." Other States experienced similar situations and at the nationwide conference of State labor bureaus in 1892, the commissioners of New York, Kansas, California, Missouri, and 16 other States publicly condemned the private employment agency system.⁷

Probably the most heinous practice engaged in by private firms was the procurement of young girls for prostitution. Reformers had for many years denounced the operations of private "intelligence offices" that existed for the sole purpose of supplying houses of ill repute with innocent and naive servant girls. Minnesota Labor Commissioner Powers, in his annual report of

1891, assailed employment agents who "led country girls into lives of shame." The obvious benefits and securities of sending female applicants to properly monitored public offices, he said, was reason enough for establishing those offices at any cost.⁸

Yet despite the cost advantages and redeeming social value of public offices, the States and municipalities were less than enthusiastic about funding them. Most State legislatures extolled the many virtues of public employment offices during periods of high unemployment, but lost interest during times of prosperity. Even the States that promoted public employment systems often scrimped on appropriations. When some State employment offices failed to provide adequate services, the U.S. Commissioner of Labor, Carroll D. Wright, said, "the blame properly belongs to the legislatures which create the offices and then starve them."⁹

Exemplifying this problem was the public employment office at San Francisco, Calif. In 1895, an office opened in a poorly accessible location because of a niggardly rental allowance of \$50 a month. Job seekers created chaos as they congested the sidewalks outside the building and the stairs going to the second-floor office. Police intervened, but the situation remained serious. Finally, a committee of local trades unions petitioned bankers, merchants, and other employers to help supplement the rental allotment, and the office moved to larger, more accessible quarters. An embarrassed State legislature increased funds the following year.¹⁰

Problems such as space, appropriations, personnel, and other administrative difficulties were commonplace, but the major drawback of the "Ohio Idea" was the parochialism of the State functions. They were limited to local job markets, but as John Andrews, Secretary of the American Association for Labor Legislation, explained, the labor market was becoming nationwide and the chain of State and municipal offices needed a third link for strength—the Federal Government. However, few people at either the State or national level expected the linkage to occur as it did.

The huddled masses

By the turn of the century, many Americans looked upon immigration as the Nation's chief problem, especially in its effects on the labor market and employment. Between 1890 and 1920, the largest influx of immigrants in our history occurred, reaching a high of 1.4 million in 1907. These "new immigrants"—people from eastern and southern Europe as opposed to older stock from northern and western parts of the continent—often were willing to work and live under conditions most American workers considered subpar. Organized labor, in particular, believed that unrestricted immigration was a bane, and that employers divided labor's

house against itself by using the lower-paid immigrant workers to break strikes and unions. For example, in 1906, Samuel Gompers demanded that President Theodore Roosevelt restrict the immigration of "undesirable classes."¹¹

But a small segment of labor's friends believed there was a way of preventing employer exploitation of the "huddled masses" without debarment. Secretary of Commerce and Labor Oscar Straus, who had emigrated from Germany as a young boy, thought that relocation of immigrants away from urban and industrial areas (85 percent of all immigrants during this period landed in New York) would solve the problem. His Commissioner of Immigration, Terrence V. Powderly, was a willing, if unlikely, advocate of the redistribution idea. Powderly, former Grand Master Workman of the Knights of Labor, unlike his labor colleagues, believed that relocating thousands of "Poles, Bohemians, Hungarians, and Italians" in their natural agricultural environment would both "Americanize" them and prevent their exploitation in antiunion activities.¹²

The Division of Information, created by the Immigration Act of 1907, helped relocate immigrants. In that same year, the division also set up the first Federal employment office on Ellis Island in New York harbor. The office sent job placement inquiries and manpower statistics through the mails, getting valuable assistance from more than 3,500 receiving stations: Department of Agriculture substations, post offices, State bureaus of labor, chambers of commerce, and private organizations such as the Red Cross and the YMCA. More than 806,000 questionnaires were sent out inquiring about jobs, wages, community environment, transportation, and the class of labor desired. The division emphatically stressed that no information would be sent to firms engaged in strikes or lockouts. Powderly felt that the division's success hinged on preventing the use of its services for strikebreaking.¹³

The commissioner's former colleagues in the labor movement, however, decided from the outset that the process was ripe for abuse. Powderly's own Knights of Labor called the distribution plan a "hoax," and assurances that it would not result in strikebreaking, "tommy-rot gabble." Samuel Gompers argued that relocation of immigrants to rural areas would not work because they would eventually gravitate to the better paying jobs in the urban areas. Commissioner of Labor Charles Neill, part of the same Department of Commerce and Labor as Powderly, contended that redistribution would only create problems where none existed. "It is useless," he said, "to talk about any plan to distribute immigrants."¹⁴

Critics of the Division of Information had good reason for concern. Without a nationwide staffing operation, Powderly and his assistants could not monitor

local placements very well. Consequently, some employers circumvented the rules and used the division to recruit strikebreakers. In one instance, a Bureau of Immigration inspector visited a cigar plant in Columbia, Penna., and reported that the Division of Information had unintentionally but unequivocally aided in strikebreaking.¹⁵

To recoup some lost credibility after this widely publicized embarrassment, Powderly invited labor leaders, employers, and government officials to a conference on immigrant redistribution held in Washington. It started poorly and the atmosphere never improved as labor leaders hurled a litany of complaints against Powderly and the division. Joseph Valentine of the Iron Molders Union accused Powderly of colluding with "Wall Street." Labor Commissioner Neill, although defending his departmental colleague's integrity, once again criticized redistribution of immigration. "I am not trying to skin anyone's skunk" (that is, make Powderly look bad), he said, "but the facts are irrefutable."¹⁶

The conference, and needless to say, the Division of Information had failed in their collective purpose. When Congress, in 1913, separated the Department of Commerce and Labor into two Cabinet-level agencies, the Division of Information remained in name only.

New Department of Labor's views

The first Secretary of the new Department of Labor, William B. Wilson, was not ready to abandon the division. He viewed it as a means of providing employment information not only to immigrants, but to any and all jobseekers in a way the fragmented State and local offices could not. Wilson's Assistant Secretary, Louis F. Post, even published a series of articles heralding the division's potential value as a national labor exchange.

But Secretary Wilson's friends in the labor movement (he had been Secretary-Treasurer of the United Mine Workers' Union) still had the scars from earlier experiences with the Division of Information. John Walker, president of the Illinois State Federation of Labor, said, "Beware of the Greeks when they come bringing gifts . . . you know that we have been double-crossed so often that when anything is held out to us the first thing we look for is to see when we are going to get the worst of it." The official position of the American Federation of Labor was that the individual trade unions, not the Federal Government, should place union members.¹⁷

Despite labor's reluctance to accept a national employment service, officials in the Labor Department joined a groundswell of support for such a system. Royal Meeker and Ethelbert Stewart of BLS attended and participated in the annual meeting of the American Association of Public Employment Offices, in June 1915, in Detroit. Then, at a conference held in San Francisco in August 1915, Stewart called for a "con-

nected network of public employment exchanges." Meeker, Commissioner of the Bureau, had a series of pamphlets on occupational classification and standards published for the use of prospective employers. Secretary Wilson lobbied his friends in Congress to pass legislation creating a national labor exchange system.¹⁸

The department's advocacy of public employment exchanges received considerable support. Representative Victor Murdock of Kansas repeatedly introduced legislation to create a national system. Congress apparently liked the idea, but felt that such a service would be extravagant during times of prosperity. Murdock's campaign got a considerable boost when President Woodrow Wilson called for "the creation of a great Federal employment bureau" at a Jackson Day commemorative dinner in 1915. But before any positive action could be taken on the matter, another pressing problem grabbed the nation's attention.¹⁹

Winds of war

In April 1917, the United States entered World War I, and the country faced the immediate task of mobilizing the civilian work force. Demand for factory output soared, agricultural produce needed harvesting, and the labor shortage became even more critical because of enlistments into the armed forces and the cessation of immigration. Employers turned to nontraditional labor reserves, blacks, women, and in some instances schoolchildren, to fill the void. The need for an employment service to prevent industrial paralysis by labor shortages was obvious. As in peacetime, the private agencies immediately proved they could not fill the demand, as evidenced by complaints that such agencies incited strikes in key defense plants to siphon manpower to other firms for fees. Frustrated by such problems, Grosvenor Clarkson, Director of the Council of National Defense, joined with other wartime directors in calling on the Labor Department to handle placements.²⁰

Secretary Wilson was equal to the task. As early as 1916, he foresaw the need for a nationwide service if America went to war. He asked Congress for \$750,000 additional appropriations for the Division of Information, but received only about one-third of that. After the declaration of war, President Wilson provided his labor secretary with an additional \$825,000 in an illustration of the importance he placed on an employment service.

Secretary Wilson, under wartime emergency powers, changed the name of the Division of Information to the U.S. Employment Service, effective January 3, 1918. Even before that date, the division had begun to centralize employment functions to parallel the network of 13 zones of the Federal Reserve System. Wilson chose an old friend, John Densmore, to organize the system and by July 1, 1918, there were more than 350 field

agents and a staff of 1,700, not including so-called "dollar-a-year" volunteers. The U.S. Employment Service established Federal-State cooperative offices in all but eight States, and placed a phenomenal 65 percent of job applicants in the first month of operation; its total number of placements increased each month thereafter. (See table 2.)²¹

The service also handled special work problems through the various divisions in its infrastructure. When the wheat crop of 1918 was in jeopardy because of insufficient labor, Densmore received permission to fill the need by importing Mexican and Bahamian labor. The labor commissioners of Oklahoma and Kansas sent the Secretary of Labor a joint expression of gratitude stating, "not a bushel of wheat was lost through the lack of labor." The Women in Industry Division, created to place women in defense-related work, found employment for 368,000 women in 1918, amounting to 13 percent of all U.S. Employment Service placements during the war. In Washington State, the Boys Working Reserve arm of the service recruited hundreds of high school students and saved the apple crop.²²

The U.S. Employment Service also cooperated with other wartime agencies. The need for efficient transfer of material from ship to shore in New York harbor resulted in the service administering an elastic labor pool to shift labor around to various worksites. Labor productivity increased by more than 30 percent in the harbor, and the concept spread to more than 14 other port cities. In many State offices of the service, facilities were shared and cooperative work was done with the Division of Negro Economics to place black workers in jobs, find suitable housing for them, and prevent racial disharmony in the workplace.²³

Postwar battles

Historian John Lombardi hypothesized that the success of the service built a strong and varied basis for its continuance after the war. The service, he stated, had become the most important subdivision of the Labor

Department. But antiunion employers wanted the service eliminated, for they feared it would spread the labor credo. Secretary Wilson's son reported to his father that in Buffalo, N.Y., the manager of the Pierce Arrow Motor Co., although a prominent member of several labor boards, was secretly doing everything he could to destroy the agency in the State because he feared it would promote unionism after the war.²⁴

But a battle loomed ominously as supporters of the service formed ranks. *The New York World* said, "maintain the service at all costs." *The New York Tribune* called it, "a work that should go on." And, the *New Orleans Item* stated, "the country needs it." Mississippi Governor Theodore Bilbo supported continuation of the service as did his northern counterpart, James Cox of Ohio. Even some chambers of commerce backed the employment service. The *Cleveland Press* editorialized "opposition to the employment service arises mainly from three sources: private employment agencies, private detective agencies, and big employers who are bitterly anti-union."²⁵

Unfortunately, the 66th Congress wanted a return to "normalcy." All emergency agencies in the U.S. Department of Labor, except for the Women's Division of the U.S. Employment Service, the U.S. Housing Corporation, and the Division of Negro Economics, ceased to exist on June 30, 1919. Although some appropriations for continuance of a skeleton office of the service were later voted by Congress, most of the service's offices had to be closed and the employees furloughed. Employees remaining at the service had to resort to the "ghost of mail order placements," because appropriations between 1920 and 1930 averaged only about \$200,000 a year, compared with the \$5.5 million received in 1918. The service could not function efficiently on a shoestring budget.²⁶

Other problems haunted the service during the next decade. President Harding issued an executive order allowing politicization of the agency and the entire staff was replaced. In one instance, a woman with meritorious service lost her job to a personal friend of Senator Joseph Frelinghuysen of New Jersey. The problem got so bad that South Carolina and Kentucky threatened to withdraw from the system if they could not appoint their own people to the remaining branch offices.²⁷

But probably the worst black mark against the U.S. Employment Service during this period involved the issuance of unemployment figures. Francis Jones, who replaced John Densmore as director of the service in 1921, had been publishing statistics on the national unemployment picture, much to BLS' irritation. Commissioner of the Bureau Ethelbert Stewart complained to James Davis that the figures published by Jones were erroneous and embarrassing, but the problem continued.²⁸

Table 2. Job placements of U.S. Employment Service, 1918

| Month | Registrations | Help wanted | Referred | Placed |
|-----------------|---------------|-------------|-----------|-----------|
| January | 82,353 | 80,002 | 62,642 | 51,183 |
| February | 92,452 | 92,594 | 70,369 | 58,844 |
| March | 144,156 | 177,831 | 118,079 | 100,446 |
| April | 195,578 | 320,328 | 171,306 | 149,415 |
| May | 206,181 | 328,587 | 179,821 | 156,284 |
| June | 246,664 | 394,395 | 221,946 | 192,798 |
| July | 282,294 | 484,033 | 250,152 | 217,291 |
| August | 555,505 | 1,227,705 | 500,510 | 395,530 |
| September | 531,226 | 1,476,282 | 513,662 | 362,696 |
| October | 594,737 | 1,588,975 | 606,672 | 455,931 |
| November | 744,712 | 1,724,973 | 748,934 | 558,469 |
| Total | 3,675,858 | 7,895,675 | 3,444,093 | 2,698,887 |

Source: *Annual Report of the Secretary of Labor, 1918*, p. 285.

The duplication of functions finally resulted in a major embarrassment for the Labor Department and President Herbert Hoover. On January 22, 1930, Hoover stated that Labor Department figures showed that employment was on the rise and prosperity was just around the corner—that the economic downturn which had symbolically begun with the stock market crash of October 29, 1929, was coming to an end. Secretary Davis agreed, and predicted that recovery would be complete in a year.

The Industrial Commissioner of the State of New York, Frances Perkins, took issue with the “rosy” outlook. She knew the statistics came from the U.S. Employment Service, not from BLS, and had proof from her own efficient statistical operation that the unemployment situation was worsening, not improving. She publicly debunked Hoover’s statements and cited the service’s report in particular as “cruel and irresponsible at a time when the unemployed are reaching the end of their resources. . . .” The depression did continue far longer than Hoover predicted, and Perkins’ stand marked the beginning of her political ascendancy while Jones’ frivolous methods of data compilation hastened his departure.²⁹

Jones’ dismissal did not benefit the service. William Doak, replacing James Davis on December 9, 1930, as Labor Secretary, simply replaced Jones’ political appointments with his own from the labor movement. Scandals increased, and Jones’ replacement, John Alpine, was accused of creating seven sinecures at \$3,500 a year to open mail, a job previously done by clerks at \$600 per annum.³⁰

Road to reform

The service became the obvious target of reform. “There was no doubt,” said one pioneer in the revamping of the U.S. Employment Service, “at the beginning of the depression where the responsibility for dealing with unemployment rested [within the States] . . . unfortunately, the States took little effective action.” Senator Robert Wagner of New York sponsored legislation to force the States to play a greater role by abolishing the existing service and creating from those ashes a Federal-State system of efficiency and competency.³¹

Wagner’s bill called for matching Federal funds to be given to the States for the purpose of administering employment programs. The concept was based on the efficient labor exchange system of Great Britain, a system Ethelbert Stewart had cited as a vital reason the allies won World War I. In 1919, Senator William Kenyon of Ohio and Congressman John Nolan of California had introduced the same legislation, but it died of postwar “normalcy.” With the depression causing socioeconomic havoc, it appeared that Wagner’s revival of the idea would pass easily and become law.³²

Secretary of Labor Doak disliked Wagner’s proposals. He tried to prevent their implementation by submitting a substitute proposal to strengthen the U.S. Employment Service through increased appropriations. Congress had already appropriated \$500,000 to upgrade the service in the event Wagner’s bill failed, and Doak hoped to get more. However, Congress opted for Wagner’s legislation and sent it to President Hoover for his signature. Doak urged the President not to sign because the appropriated \$500,000 would be lost, and because immediate problems would go unattended while the States set up their new systems. Hoover’s pocket veto message clearly reflected Doak’s influence: “It is not only changing horses while crossing a stream, but the other horse would not arrive for many months.”³³

With the Wagner bill vetoed, Doak acted fast to reorganize the service and silence his critics: he failed. Most of the Wagner bill proponents cited his job placement figures as ludicrous. One person cited as tragic, “the lack of performance, the waste of public money, the inefficiency, and even the bad faith in these offices [of the employment service].”

In New York, a Report to the Governor on Stabilization of Industry for the Prevention of Unemployment concluded the following: “The public conscience is not comfortable when good men [and women] anxious to work are unable to find employment.” The chairperson of that committee was Frances Perkins, who had reorganized the State’s employment service and increased real placements during a period of rising unemployment. She would later leave the State to become President Franklin Roosevelt’s Secretary of Labor and would reorganize the national employment service to fit a changing and more mobile work force.³⁴

Men and trees: making Wagner-Peyser

The employment service, not to mention the entire nation, was in serious trouble when Perkins took over the labor portfolio in 1933. She hoped to remedy the situation by changing the employment system in accordance with the provisions of Senator Wagner’s bill which had been reintroduced in the 73rd Congress. Only at the State level, with Federal guidance and resources, she thought, could the spiraling unemployment rate be brought under control. And, she was willing to wait for the Wagner Bill’s provisions to take shape, hoping that the transition of power from the Federal to the State governments would be quick.

Yet, even as the Wagner Bill sped through the Capitol, the Roosevelt Administration was working on something that would change Perkins’ plans. The idea of the Civilian Conservation Corps was being discussed among the President’s advisers. Roosevelt envisioned thousands of city-dwelling young men escaping to the great outdoors and helping to reclaim eroded land by

planting trees. Perkins suggested that the U.S. Army recruit the men and administer the camps, with overall responsibility entrusted to the Forestry Division of the Agriculture Department. Labor leaders expressed doubts about allowing the military to recruit the men—residual effects of the days when the army broke strikes and union gatherings, often by force. Roosevelt then stated, "I'll tell you what, the Department of Labor will recruit these men." Aghast, Perkins explained that the U.S. Employment Service existed, in actuality, on a stationery letterhead only. Roosevelt's reply was, "resurrect the Employment Service right away."³⁵

Almost simultaneously, Congress passed the compromise Wagner-Peyser Bill; freshman Congressman Theodore Peyser had sponsored the same legislation in the House of Representatives that Wagner submitted to the Senate. Roosevelt signed the bill into law on June 6, 1933. Under this legislation, the Department of Labor was responsible for setting standards for operations, providing statistical research, and promulgating employment policies. The States were charged with administering the offices and placement operations. Washington would match the funds appropriated by the States, with the minimum Federal allotment set at \$5,000 per State. A total of \$1.5 million was appropriated by the Federal and State governments for the first year, with increments of \$400,000 for each year until 1938.³⁶

The basic flaw in the Wagner-Peyser Act, and the reason President Hoover vetoed it, was that after abolishing the existing service there would be a period during which the States would have to establish new offices. Roosevelt's creation of the Civilian Conservation Corp exposed that flaw. Consequently, on June 22, 1933, Perkins created a National Reemployment Service to give special attention to the placement of workers on public works projects. This interim agency filled the transitional void created by Wagner-Peyser's enactment, but did not compete with the State offices; many times its offices closed within days after the States assumed jurisdiction of an area.³⁷

With Roosevelt's approval, Perkins brought in W. Frank Persons to administer the new employment service and reemployment adjunct. Persons, former organizer of the civilian relief effort for the Red Cross, put together almost overnight a coordinated effort that produced immediate results.

By July 1, 1933, the public employment system consisted of 192 offices in 120 cities and 23 States, with the National Re-employment Service filling in where the States had no facilities. By June 1, 1934, the new U.S. Employment Service had registered 12.5 million people for work, and before the United States entered World War II it placed over 26 million. During the war, it mobilized the American work force for the domestic effort and received compliments for its performance, as had the earlier agency following the first global conflict.³⁸

THE STORY OF THE U.S. Employment Service since the enactment of the Wagner-Peyser Act has been one of evolution. In 1935, the Social Security Act mandated the responsibility for administering unemployment compensation to the service, and other compensation programs were added through the years. The service was transferred from the Labor Department in 1939, back to it in 1945, out again in 1948, and finally in to stay in 1949. The service placed veterans from both World War II and the Korean conflict, and played an integral role in the administration of the Manpower Training and Development Act of 1962 and the Area Redevelopment Act of 1961. During the 1970's, it administered programs under the Comprehensive Employment and Training Act. Even now this evolution continues, as the Job Training and Partnership Act of 1982 (PL 97-300), under title V, amends the Wagner-Peyser Act to give the U.S. Employment Service responsibility for "a new program and delivery system to train economically disadvantaged persons and others for private sector employment."³⁹

On the 50th anniversary of the Wagner-Peyser Act, it is important to look at that legislation's formation and development. Juanita Kreps, then vice president of Duke University and later Secretary of Commerce, told a bipartisan symposium honoring the 40th anniversary of the act that we should always remember the lessons history teaches us. Following her remarks, heavy debate occurred over the merits and flaws in the current national employment service system. Yet even the harshest critic of the U.S. Employment Service agreed that its basic function was necessary for the promotion of the Nation's general welfare. Upon reflection, it is interesting that the same philosophy led to the creation of the first public employment offices in 1890 in Ohio.⁴⁰ □

— FOOTNOTES —

¹ U.S. Department of Labor, *Annual Report of the Secretary for 1981* (Washington, Government Printing Office, 1982), pp. 4-11.

² William N. Doak, Secretary of Labor, Address at the Pawtuxet Valley Fair, West Warwick, R.I., Sept. 25, 1931; Interview with Gerard Reilly, former Solicitor of Labor, by Dr. Jonathan Grossman, Oct. 22, 1965.

³ State of Minnesota, *Third Biennial Report of the Bureau of Labor Statistics, 1891-92* (Minneapolis, Harrison and Smith, 1893), pp. 270-78; Great Britain, Home Department, *Report of the Poor Law Com-*

missioners on the Training of Pauper Children (London, W. Clowes and Sons, 1841), pp. 135 and 171; W. Jocelyn Dunlop, *English Apprenticeship and Child Labor* (London, T. Fisher Unwin, 1912), pp. 248-52.

⁴ State of Ohio, *Sixteenth Annual Report of the Bureau of Labor Statistics* (Norwalk, Clanning Printing Co., 1893), pp. 11-15; State of California, *Seventh Biennial Report of the Bureau of Labor Statistics, 1895-96* (Sacramento, A.J. Johnson, 1896), pp. 11-34.

⁵ State of Minnesota, *Third Biennial Report*, pp. 20-32; State of

Missouri, *Thirteenth Annual Report of the Bureau of Labor Statistics, 1891* (Jefferson City, Tribune Printing Co., 1891), pp. 32–60; State of California, *Seventh Biennial Report*, p. 12.

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