of other industries who are temporarily out of employment join the crowd of applicants in the hope of participating in the work available. There thus grows up a "reserve of labour" which is more than sufficient to meet the demand, with the result that a proportion of those offering are, if not permanently unemployed, at least under-employed.

(*b*) *Seasonal.*—In every country there are some industries subject to seasonal fluctuation; indeed, comparatively few trades maintain the same degree of activity throughout the year. These fluctuations are caused partly by climatic conditions and partly by social habits. Thus, bricklayers and carpenters find less employment in winter than in summer, and in most countries the winter is the period of general slackness. In trades where seasonal fluctuations are common, regular wages are frequently slightly higher, so as to allow of a living-wage throughout the year. In other cases the situation is met by working short time or by a movement of labour into subsidiary occupations during slack times. In normal times unemployment due to this cause is not acute, but where it is superimposed upon a general trade depression it may seriously increase distress.

(*c*) *Cyclical.*—Cyclical fluctuations of industry, evidenced by a series of booms and depressions, constitute one of the most persistent and yet one of the most elusive and least understood of economic phenomena. Statistics show that during the last seventy years the fluctuations have occurred with a rough but striking regularity. They affect not only particular trades, but all. They affect not single countries, but many. The causes are so deeply rooted that it is contended by some that they cannot be eradicated without an entire reconstruction of our industrial order. Nevertheless, measures of partial relief are undoubtedly possible, and it is to the search for these that efforts should be directed. The causes of these fluctuations are partly economic and partly psychological, and it is a matter beyond dispute that the financial and monetary policy of a country is an important contributory cause. This topic will be dealt with further when considering the present situation in New Zealand.

(*d*) *Secular.*—Secular variations in demand for labour are variations which are long continued and are, by reason of their nature, likely to be permanent. These variations may be due to such causes as increased foreign competition, the development of substitutes, a change in the habits of consumers, or exhaustion of raw material. The demand for labour in particular industries may also fall by reason of the introduction of new methods or of machinery which may displace existing labour. While changes of this last kind may cause sharp distress to some of the workers concerned, they are seldom the cause of serious and prolonged unemployment, and are, on the whole, of a smaller social significance, at least in New Zealand, than changes in demand due to other causes. Moreover, the introduction of machinery requires labour in the production of the machinery, and leads in the long-run to increased productivity of industry, resulting in a benefit to the whole community, including labour. Further, a general reduction in the demand for labour, which may in some cases be long-continued and may affect many industries in similar fashion, may be caused by a permanently falling price-level. This has a dampening effect on industry, and therefore restricts employment.

(2) *Changes in Supply of Labour.*

Changes in the supply of labour are usually much slighter and slower than changes in the demand; but in some cases such changes may be important. Immigration on a large scale, especially where the immigrants are accustomed to a lower standard of living and are therefore willing to work at lower wages or under less congenial conditions than are customary in the receiving country, may cause an excess of labour at the previous wage rate, and therefore unemployment.

Special circumstances may cause an increase in the supply of labour in particular industries, and so cause unemployment. A heavy temporary demand for the products of an industry, such as, for example, occurred in Britain during the war in industries producing for war purposes, or in New Zealand building trades owing to the post-war housing shortage, may attract more labour than is demanded in normal times.

Maladjustment may also occur owing to the existence of an artificially high wage rate. The wage rate may be raised above the economic level by trade-union action, custom, or law, so that employers cannot afford to employ all the workers offering at the wage rate obtaining. Further, a wage rate fixed for a given industry may be economic for the more efficient workers, but above the economic level for the less efficient, with the result that these latter fail to secure employment.

(3) *Immobility of Labour.*

The problem of unemployment is intensified by the fact that labour is not completely mobile. This lack of mobility is of two kinds: (1) As from place to place; (2) as from industry to industry. Whereas the type of unemployment which has been described as cyclical is general, and affects most industries at approximately the same time, it frequently occurs that casual, seasonal, or certain types of secular variations in the demand for labour, and variations in the supply of labour in particular industries or places, are balanced by variations in the opposite direction in other industries or places. Thus, the peak demand for labour in brickmaking or in building is in summer, that in gasworks is in winter, while other compensating variations occur in respect of other industries. If labour were completely mobile and moved rapidly and at small cost from industries or places where it was in short demand or oversupply to where demand was brisk or supply short, an appreciable diminution in the volume of unemployment might result.

The main causes on which lack of mobility depends are: (*a*) Ignorance on the part of workers as to labour conditions in other industries or places; (*b*) inadequate machinery for informing and directing workers to vacant jobs; (*c*) the cost of shifting, especially from place to place, including loss of employment to members of families; and (*d*) the social cost involved in breaking up a home, leaving friends and relatives, and losing the associations of various sorts which have been established.