

MANPOWER FOR DEFENSE

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The mobilization of manpower during the Korean crisis as well as periods of national emergency is not a simple operation. The task of expanding the armed forces, staffing defense industry, and at the same time maintaining necessary civilian activities requires a great deal of planning and cooperation between Government, industry, and labor. As the program for defense production gets under way, keen interest is being manifested not only in the availability of necessary manpower, but also in the retarding effect which this program may have on the production of civilian goods. Naturally, we must meet the manpower requirements of the defense program expeditiously, but our programs are aimed at accomplishing this objective with a minimum of disruption to our civilian economy.

The mobilization problems of the current situation and in preparing for any eventuality to combat communist imperialism differ in many respects from those that prevailed in the early days of World War II. Today we are experiencing a booming civilian economy operating at record levels. In September 1950, we had a total labor force of about 65 million, with around 1.5 million in the armed forces and 63.6 million in the civilian labor force, of which 61.2 million or approximately 97 per cent, were employed. Unemployment at 2.3 million in September 1950 was near 1 million below the level for the same month last year.

The current situation contrasts sharply with the economic conditions in 1940 when the pre-World War II defense program was initiated. At that time, the

nation possessed a large reservoir of unemployed workers, and a further reserve of persons of working age, who were not actively in the labor force. This means that at that time our labor reserves for expansion purposes were at least 6 million greater than in September 1950.

With an unemployment level of only 2.3 million (many of whom lack industrial experience) it is apparent that any sharp increase in defense production will have to be met largely by shifting presently employed workers into defense plants or by recruiting persons not now in the labor force.

Population changes in the last decade also have an effect on our sources of labor supply. Since 1940, the total population has grown by about 20 million people, with a corresponding demand for increased output of essential civilian goods and services. But in the same decade, changes in the age distribution of the population have had three important effects:

a. There are 2.3 million fewer people in the 10-19 year old age group than there were 10 years ago--which means that there will be fewer younger workers entering the labor market each year until this period is passed.

b. Because of the recent high birth rate, a larger proportion of women in the best working ages have small children to care for, and it will therefore be harder to recruit them for essential work.

c. A general aging of our population has occurred, so that the number of persons over 55 years of age has increased by 5.1 million since 1940, and this age group has risen from one-seventh to one-sixth of total population.

These population changes will make it somewhat more difficult now than in 1940 to expand the labor force sharply and quickly.

Fortunately, however, there are strengths as well as weaknesses in our present situation as compared with that of 1940. Furthermore, we do not, at this time, contemplate the full mobilization that accompanied World War II--although the possibility of such a mobilization must govern our present activities.

The extent of expansion presently contemplated does not approach that which occurred less than 10 years ago. According to announced plans the size of the armed forces is to be increased from a present level of around 1.5 million to a 3 million level, and defense expenditures are expected to reach a level of some \$30 billion this fiscal year. By way of comparison, it is interesting to note that during the peak of World War II there were more than 12 million people in the armed forces and defense expenditures, at their peak, reached an annual rate of \$100 billion. Even though the present defense effort is small compared with that of World War II, advance planning will be necessary if we are to double the size of our armed forces and of our defense spending smoothly and efficiently.

The present work force is larger than and superior to that of 1940. At that time many of the employed were working well below their highest skill level and many of the unemployed had become "skill rusty." Others among the unemployed had never held a job in private industry and had never developed the work habits essential to private employment. Today our work force is the largest in history and even the unemployed group is active. Workers have been using their skills and are accustomed to industrial discipline.

Furthermore, with the beginning of the war effort in 1941, and later, it was necessary to divert a considerable amount of manpower and material to construction, to the building of camps and factories and homes. Today, we are in a better position to get into actual production fast. We have much of the needed equipment already in use or carefully preserved and available when needed. Not only do we now have a greater physical wealth--of camps and ships and factories and tools, but our workers have a wealth of skills developed by using our new tools which they lacked in 1940. As a result, worker productivity is greater today than at any time in our history. We also have reserve skills in our labor force potential--that part of the population not now working or seeking work who could

be attracted to the labor force in time of emergency. Many of the women workers who entered the labor force in the last war and left when it was over, took with them skills developed during the war which can be again put to work should the need arise.

Yet despite the many assets we now possess it would be dangerous to assume that a shift from civilian production to military production will be easy. The manpower problems will be many and varied and an over-all expansion of the labor force will be required.

I have taken a few minutes to present this background material because it bears an important relation to the plans that need to be developed in meeting our manpower problems that lie ahead.

The manpower problems that must be solved are, as you all know, closely related to the allocation of materials and, while they must be treated in the same set of blueprints, they are very different in application. In dealing with materials, many problems are first dealt with in an emergency as they are under normal conditions in our free enterprise system. Where shortages threaten vital production, the Government could step in to allocate or to establish an over-all stabilization policy. In the labor-manpower field, the solution of such problems is much more difficult because we deal with human beings, with their families, and with their aspirations and ideas--because in short, labor is not a commodity. A tool-maker or a mechanic, unlike a ton of steel or a carload of building material, wants to have a voice in how he is "allocated" and his usefulness may depend, in part, on purely human reactions to the job he holds.

The difference in application between materials and manpower is quite apparent in the Executive Order issued by the President, in relation to the Defense Production Act of 1950, as well as in the act itself. Certain specific authorities which can have a mandatory effect have been assigned to departments

such as Interior, Agriculture, Commerce, and the Interstate Commerce Commission as relating to materials and services. While the section relating to the Labor Department is extremely important, it is handled in a different manner. Part VI, Section 601 of the Executive Order gives the Secretary of Labor authority to utilize the functions already vested in him to meet most effectively the labor needs of defense industry and essential civilian employment and to this end he shall assemble and analyze information on labor requirements and supply of workers; advise the other departments concerning the effects of actions taken by them on labor supply and utilization of labor; the relation of labor supply to materials and facilities requirements, and to advise on matters concerning priorities and allocations which will be consistent with the effective utilization and distribution of labor. There is no language of a mandatory effect in this section.

The Executive Order also provides that the Secretary of Labor will determine the occupations critical to meeting the labor requirements of defense and essential civilian activities and, with the Secretary of Defense, the Director of Selective Service and such other persons as the President may designate, develop policies applicable to the induction and deferment of personnel for the armed services.

The Secretary of Labor has been instrumental in having several policies adopted in line with this responsibility. In cooperation with the Director of the National Security Resources Board and the Secretary of Defense, a policy has been put into effect by the Department of Defense relating to possible deferment of Reservists and National Guard members. Two of the factors which are considered by the officials of the Defense Department are essential activities and critical occupations. A list of essential activities and critical occupations was issued and the Secretary of Commerce and the Secretary of Labor have jointly established a joint committee which is now reviewing requests for changes to be made in either of these two lists.

The Federal-State public employment service, which is operated by the various States as a part of a national United States Employment Service under the direction of the Department of Labor will be the operating unit in the various communities having the responsibility of recruiting manpower and working with management and labor in attempting to stabilize the labor force and to assist in greater utilization of the labor force.

The Department of Defense has already recognized this assignment of responsibility of the State Employment Services and has urged its local hiring officials to use these facilities in recruiting additional workers for arsenals, navy yards, and air depots, and has urged defense contractors also to utilize the employment service facilities in staffing their industrial expansion. Close working relationships are being established between local procurement officials of the Army, Navy, and Air Force and local employment office officials.

A manpower program for handling the problems arising from partial mobilization should be directed to enlarging the labor force, to meet the need of an expanded defense industry and to replace workers withdrawn for the armed forces as smoothly and as quickly as possible.

To meet the needs of expanding defense industry, employers are being urged to place their orders for additional workers with local offices of the State Employment Services. These offices have revised their emphasis in some activities and intensified their efforts in others to meet the new demands being placed upon them. For example, special attention is being directed towards constant appraisals of the labor market situation--of manpower supply and requirements--not only nationally, but in each important labor market area. All studies, analyses, and reports are being geared to provide information and data to appraise and solve defense-connected manpower problems, to anticipate coming demands for manpower, and to indicate the extent and type of recruitment campaigns necessary to meet that demand, as well as to indicate areas of labor

supply for possible location of new plants. For example, this information is necessary in order to determine the efforts that should be made to encourage women to reenter the labor market.

Similarly, local offices are paying increased attention to servicing employers receiving defense contracts and are recruiting needed workers and encouraging better utilization of worker skills. Technical assistance is available to employers on staffing, and similar personnel conversion problems. Efforts are being made to discourage needless wholesale migration between communities and to minimize labor turnover, labor pirating, and labor hoarding. In areas where intense competition for workers develops, local offices give top priority to defense establishments. Every effort will be made to encourage the full utilization at their highest skills of all workers, including minority groups and the physically handicapped; to establish in-plant training and upgrading programs; and to institute a system of voluntary transfers.

The success in stabilizing the labor market through these devices depends in large part upon the cooperation of management, labor, and the local community. If the increase in defense production is to be achieved with a minimum amount of dislocation, it is essential that all elements in the community recognize their joint responsibilities and cooperate in solving their problems.

#### Manpower Program in Full Mobilization

It is already clear that there will be a serious over-all shortage of manpower in this country, if it becomes necessary to enter a period of full mobilization. Lack of manpower will set the ultimate limit on our war potential. Shortages of particular skills, and competing demand for these skills will be particularly restrictive. You will recall that the shortages of non-ferrous miners in the last war was so severe that as early as October 1942 it was necessary to furlough workers with mining experience out of the armed forces into industry. Later, in 1943 and 1944 it was necessary to furlough other

workers for the aircraft industry, the rubber industry, and the foundries. The total numbers involved were small, perhaps 10,000 miners and 15,000 other workers. But the waste that resulted from inducting these critical workers, providing them with military training and then returning them to industry is apparent, and should be avoided in any future emergency. While it is important that the military not waste skills, it should be recognized that since the military forces have become more highly mechanized and greater use is being made of radar, guided missiles, and other scientific equipment, there will be the additional problem of meeting the military demands for such highly skilled technicians to operate and maintain such equipment.

These considerations indicate the need for developing some basic manpower mobilization principles and policies. It seems to me that these should lead to the most effective distribution of our manpower resources in order to safeguard our national security and to provide materials, technical and moral leadership in the support of world peace.

To achieve these objectives, I believe that such a national manpower mobilization program should be based upon 3 principles:

1. Each individual should serve in the capacity in which he can make the maximum contribution.
2. All employers, including the military, should utilize each individual's skills and abilities to the utmost.
3. The government should develop manpower programs aimed at enlisting the will of loyal and resourceful Americans to the successful accomplishment of the program.

Policies which might give effect to these principles should, with respect to the recruitment, allocation, training, and utilization of workers in the civilian economy, provide for the use of voluntary measures for manpower mobilization to the fullest extent possible, the use of government manpower controls only to the extent necessary to achieve mobilization goals, and the

use of foreign labor for specialized needs when necessary.

A voluntary manpower program is desirable. Such a program could be achieved through such measures as recruitment activities to expand the labor force; supplying employment information so that people know where they are needed; giving preference in referral to defense plants; provision of adequate housing, and community services; assistance to workers having to move their residences in accepting essential employment; and training of persons to meet civilian manpower requirements.

The question "What Can Industry Do?" naturally follows in considering some of the problems we are going to face. In this connection, I should like to quote from a recent statement made by Mr. Robert C. Goodwin, Director of the Bureau of Employment Security, Department of Labor, before a group of industrial relations people, wherein he suggested:

"1. Industry should draw heavily on experience gained in World War II. Many of your people have been through the problems before and can make a big contribution in terms of our problems now.

"2. Industry should place the responsibility for manpower problems at a high policy level. This is not an assignment for an obscure research assistant but a job for top management and certainly a job for your line operating officials.

"3. Industry can right now begin with a careful appraisal of the importance of the individual company and each of its products to defense production and essential civilian needs. The draft will cut deeply into the ranks of young, single, able-bodied, non-technical men. The importance of taking complete and detailed inventories of present work forces is extremely important. Such inventories can be made to reveal just which individuals in which occupations are subject to draft or call-up by the reserves or National Guard. Such a step will furnish the picture on possible replacement requirements.

"4. Industry can turn attention more sharply to the time-tested and war-tested personnel management principles which are likely to be more or less neglected in times of labor surplus. In the period ahead, with labor supply tight, stress can be laid on the fact that it will be essential to the individual employer and to the country that the work force be fully utilized at its highest skills.

"5. Industry should determine the cause of turnover and absenteeism and devise and apply measures to reduce them. Internal adjustments that management can make to meet some of these problems can be identified in detail. In some cases it will be necessary to make improvements in working conditions or placement techniques, or perhaps strengthen medical programs or even furnish closer supervision of the cafeteria.

"6. Industry should give special attention to in-plant training and upgrading of workers. It can encourage the development of "understudy" programs as a protection against loss of key staff and workers with critical skills.

"7. Industry should make it a matter of policy that local labor supplies be exhausted before attempts are made to recruit outside the local area. It is a well established fact that outside recruitment is usually an expensive luxury. In many cases the worker easily attracted to a community is the worker most willing to leave it; as a newcomer he has no friends or other ties, gets either the poorest or the most expensive housing - or both - and is likely to move on again. Industry has its own community responsibilities and is indirectly concerned with the commuting expenses and strains which can go with in-migration of workers when local supplies exist."

These are the principles and the policies which seem to me to be essential if we are to distribute effectively the limited manpower supply. The successful operation of these policies will depend upon a widespread understanding of the

problems involved. To man defense production and at the same time supply the civilian economy is going to challenge the best we have in ingenuity and our resourcefulness. With such understanding and with the cooperation of all concerned, we can meet successfully any problem confronting us during the current situation.