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ORGANIZATION FOR MANPOWER

14 April 1948

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COLONEL STAMM: Gentlemen, we have with us this morning under the auspices of the Organization and Administration Division Mr. Ralph D. Hetzel. You have all been furnished a copy of his biography and I see no reason for repeating it. Unfortunately, however, we left one thing out. That is, Mr. Hetzel is also a member of the Manpower Advisory Group to the National Security Resources Board. Presently he is assigned as the Assistant on Labor Relations to the Secretary of Commerce.

His subject this morning is "Organization for Manpower." The reason for a lecture of that type at this time is twofold: First, to present to you the problem of setting up and operating an organization which will be able to expeditiously and efficiently implement required manpower controls in time of an emergency; the second reason--probably more important--is to somehow set up and integrate or coordinate these controls within the framework of the national economic mobilization plan.

Gentlemen, Mr. Hetzel.

MR. HETZEL: Thank you, Colonel Stamm. I understand, gentlemen, that some of you have just been listening to a lecture by an expert. I should like to be qualified in a field where I could be sure I was really an expert. In the manpower field everybody is an expert.

The more you find out about the manpower experience and the more you try to find out, the less sure you are of the solutions. I would like for that reason to talk primarily on some general principles which I think must prevail in any consideration of manpower organization.

It seems pretty clear to me that when we move into a mobilization, the character of the emergency as it comes upon us will determine the character of any organization which is established. The most valuable thing that we can have is a thorough understanding--and I should hope a common agreement--on certain principles which would govern the form of organization necessary to carry out the functions that we agree on.

It is quite clear that in any mobilization in the near future, or any mobilization that comes when employment and civilian pursuits are as high as they are now, manpower will be the scarcest resource almost immediately. That differs from the condition at the beginning of the late war when manpower did not really become scarce until we had gone through extended periods of meeting and coping, first, with shortage of facilities and, second, with shortages of materials. For these reasons, manpower becomes much more the control-stick of the whole economy in planning any future mobilization.

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was, was issued by the War Production Board, requiring that consideration of the tightness of the labor market areas be made one of the prime determinants in placing procurement. This time Directive No. 2, or the substance of it, is probably near the first in the order of business.

Because of the discrepancies that occurred--and they were glaring enough--between manpower, production, and procurement last time, the assumption has been made that the answer next time lies in a single-line control over the management of production and manpower. Such is the organization expert's answer when policy differences arise out of differing areas of authority.

I, too, used to think that was the answer, and there were occasions during the late war when I strongly advocated it. I have very grave doubts now. In the first place, the limitations of the human being in administration are soon reached in a war administration. You can't expect one administrator to cover more than just so much of an area. Sooner or later the accumulation of problems in the area of comprehension becomes too great for any ordinary human being to deal with.

But more important, I think, is the fact that manpower is essentially an area problem. It is based in the area of manpower supply. Production and procurement are industry and commodity problems which are dealt with as industries and as commodities. The basic element in the steel industry is a group of plants centered in a half dozen cities in the United States, and when you deal with steel, its distribution and its production, you deal with those plants. The manning of those plants, however, comes out of a manpower pool in Pittsburgh, one in Cleveland, one in Chicago, one in Birmingham. Each pool has to be divided among facilities in that community. Whoever manages the manpower for the steel facilities has to consider at the same time the relationship of the handling of that pool of manpower for other things that are going on in Pittsburgh, Cleveland, and Chicago.

And so the head of the Steel Division in the Office of War Production, or whatever it is called is not in a position to say what shall be done about the procurement and management of manpower for Carnegie-Illinois steel plants at Pittsburgh. And at the same time the manager of the manpower pool in the city of Pittsburgh is not in a position to dictate what shall be the circumstance of the steel industry's production, nor decide whether or not the plant in his community, for production reasons, should have more or less manpower.

I don't mean, by emphasizing this distinction, to minimize the very urgent necessity for the closest relationship between the two operations. But I think it makes clear the grave difficulty of administering manpower, production and procurement under a single common line of authority.

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you what kind of organization I need to carry it out." There is serious danger that organizational planning will be sterile unless it is based on the ability to tell those who are to become responsible, what kind of job they have to do and then demonstrate that the form of organization which you propose is an effective way of doing that job.

There are about seven, simply stated but much less simply operated, areas of business in manpower mobilization:

First, keep people where they are needed. I think there is great danger, particularly if we plunge into an intense mobilization immediately, that serious economic losses will occur because people mill around, looking for a place in the mobilization. Sharp changes in production take place right away in a mobilization period. There are large dislocations in particular plants; some of them will shut down for a while; a lot of them will change their product; production will be moved around; new plants will be moved into areas and old ones closed down. Our last experience shows that there is a tendency for people to start rushing around immediately to find some place to light. If you can hold people still for a while, it is a very important thing to do.

Second, move people where they are needed. This means to move them only where they are needed, with a full understanding in planning production of the manpower consequences when a plant is built in the desert.

Third, divide the men between the Armed Forces and civilian life.

Fourth, recall for work people who are not now working or not now considered in the labor force.

Fifth, use the most valuable skills and establish the maximum utilization of the people you have got.

Sixth, get workers to produce the most they can, to increase their productivity.

And last, but not the least important, is to get production placed in relation to the supply of labor. That, too, is a manpower responsibility.

I would like to talk for just a minute about what might be the likely magnitude of the job with which you would be faced in a wartime manpower organization. We now have between 58 and 60 million people working at some form of employment, and our so-called available labor force ranges between 60 and 62 million. When we move into a war economy, a changing pattern of the use of the labor force is created. In addition the labor force itself may grow to a total of 68, 70 or 72 million. If the crisis is serious enough there are plenty not now working who can do some kind

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If manpower becomes the shortest item, then does the manpower authority make the decisions about transportation, and production, and procurement? I don't think it can. The main elements of functional organization must be kept separate in government. There will have to be production authorities, procurement authorities, and transportation authorities who have the main responsibility for their part of the job.

The only way efficient operations can go ahead in those circumstances is by thorough coordination. I do not see how it can be avoided. No one element can dominate, nor can the decision about any one element be made without consideration of the problems of the other parts.

Manpower itself can never be really allocated. It is quite easy to say that so many pounds of copper or so many tons of steel shall go to a particular point at a particular time. There is a reasonable expectation that it will do so. It is a great deal more difficult, in fact quite impossible, to order so many man-hours of labor to a particular point and expect somebody to be able to deliver the man-hours in the same sense that the copper can be delivered. In manpower administration, government must depend very heavily on directing the flow of manpower to particular uses, based on substantial and constant turnover which can be directed to most urgent needs.

When I took beginners' economics, we were showed a chart of desires, which pictured the economic man and a scale of the various needs he wanted fulfilled. As his peak wants were satisfied in turn, a new desire became the peak one and then that had to be the first to be satisfied.

The concept of that sort of chart is useful in some of the earlier stages of administering manpower. It points out that there will be a constant flow of manpower which can be directed in turn to those uses which appear to be most urgent at the particular time there are some manpower resources to spend.

When there is such a condition, it is clear that wage payments and working conditions are of very serious moment. We kidded ourselves during the late war--or at least we tried to kid the public--that the adjustment of wages should have nothing to do with the administration of manpower, that it related wholly to the stabilization of the economy. It was not so at all.

Of course, much of the manning of war plants was accomplished because the places where manpower was needed most were those places which were able to raise wages before wage stabilization or which had no fixed pattern of part practice which held them down. Therefore, in shipyards, airplane plants, and other facilities of that sort conditions of work and wages were established which enabled them to recruit people by offering them better wages and better working conditions.

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It is obvious, too, that the sound management of manpower resources require that unrestricted voluntary enlistment be stopped and unrestricted calling of reserves to active duty be ended. I think it is perfectly possible when calling reserves to provide a screening comparable to the screening to be given before inducting men under Selective Service. But it is too great a risk, it seems to me, for the military to undertake to call reserves just because they are reserves, without giving the most careful thought to the impact on the economy.

One other aspect I want to mention in this connection, and that is physical standards for induction. I do not see how the military can hope to draw the physical cream of the national manpower at the very outset and still maintain a civilian economy which will give the Military Establishment the support it needs. The Armed Forces must be prepared to divide the manpower with industry in a way which will assure effective support of the Military Establishment as well as the maximum efficiency of the direct military functions. That means using in military non-combat jobs women and men not qualified for combat. It means changing the approach to military physical standards and it means starting out, if possible, with physical standards that stick all the way through.

It is quite obvious that the further in the future we go, the more the ratio of military effectiveness emphasizes materials instead of men. As that occurs, the Military Establishment must face up to a division in manpower that reflects that emphasis. It is particularly true in regard to scientific and technical personnel. It is pretty obvious that the overwhelmingly large number of scientific and technical personnel are going to achieve their maximum effectiveness outside the Armed Forces and that keeping them where they are needed is going to be one of the prime responsibilities of a manpower agency in any future mobilization. One of today's big problems is the lack of such personnel arising out of our loss during the late war of a very large volume of actual or potential scientific and technical personnel. We can't afford to do that again.

I have just two more items to discuss with you. First, is the question of whether or not national service is needed. I can't honestly tell you that I know what national service means. It certainly means different things to different people. There was during the late war no common agreement upon the form of appropriate national service law. National service probably means legal sanctions of some sort to enforce whatever system of manpower management is decided upon. Embraced in that definition is the proposition that if we move slowly into a mobilization the system of management of manpower can be set up and operated in the early stages without the sanction of law.

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full and fair consideration has been given to their judgment and at the same time exercising the government's responsibility for making the decision on the events. It takes a high degree of diplomacy to carry that off effectively.

Those are all the points I want to make this morning. I hope in dealing with general principles that I did not deprive you of a detailed discussion of organization which would have been valuable to you. There is, I'm sure, in the literature that you will be reading and among the experts on your own staff a volume of specific information more valuable than anything I can give you.

QUESTION: This question probably has several parts. In our recent visits in talking with industry, it came out that labor had restricted its own productivity by arbitrary limitations on the number of pieces that a particular machine tool operator might produce. They estimated the extent of this limitation in some cases to be as high as 50 percent of the man's capacity to produce. The question is, in the activities of the war manpower boards and allied organizations during the war, was this question seriously considered, and, if so, what were the means that were discussed as to how to prevent this limiting of productivity?

MR. HETZEL: I think it is fair to say that it was extensively discussed. One of the very early complaints which came to the manpower authorities was the complaint that there was withholding of maximum effort on the part of labor, either by individual decision or with the encouragement of labor organizations.

The solution which was generally agreed upon was that you could elicit maximum production only by convincing the leadership of labor and the workers themselves of the urgent necessity of that. I think that it is fair to say that the organized labor people never agree that the restriction is as great as management says it is. I have never seen a situation where it was possible to get quite an unbiased analysis of the extent and degree of withholding, but the record in plant after plant during the war was that the increase of labor productivity elicited by getting the voluntary cooperation of people in the plant was quite remarkable.

I would like to make one other point on this: After all, to a very large degree, the successful eliciting of labor production is a management responsibility and it would be a mistake on both labor's part and management's part to assume it rests alone with organized labor. It is management's responsibility to see that the production in the plant is so organized that working people can produce at their maximum. Many of the restrictions have arisen from a belief of the men in the plant that if they work too fast they will get laid off, and when they are laid off, they don't get paid.

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The War Manpower Commission said, "Oh, wait a minute. All you do is determine the urgency of production. The question of whether or not that urgency requires more men to be referred to a particular plant is a decision that has to be examined on the basis of an understanding of the handling of manpower in the plant. If the plant is not utilizing those people, if the plant is not accepting referrals on a reasonable basis, then your urgency has to be set aside and the manpower priority is lower than perhaps the production urgency would indicate." The only way we could figure out at that time to solve the issue was to have two committees. We found in actual operation they operated as one and often didn't even bother to change chairmen.

QUESTION: One of the first decisions to be made in determining the size of the Armed Forces, it seems to me, would be dependent upon how much equipment could be purchased, which, in turn, is dependent upon how much manpower is available? Can you tell me how you can come up with a final figure, except through trial and error, to say what the answer is going to be?

MR. HETZEL: We have been debating that for some time. There are some people who don't agree with me. That is what makes the debate. I think that it is possible to start talking, at this stage of your manpower mobilization planning, about likely and feasible divisions of manpower, based upon, if you like, economic models, as the economists call them, or theoretical plans. This takes into account--when you talk about how much manpower you want in the Armed Forces--a corollary calculation as to how much manpower you need on the production side to support that.

So you will build up a series of calculations which say that if you are going to take 10 million men into the Armed Forces, you will need this amount of production to support them. If you are going to take 15 million men, you are going to need another level of production to support them. As you go into these calculations, you raise a whole series of questions: What are you going to produce? What kind of equipment? What kind of war are you going to fight in terms of equipment? And so on. So that the process becomes, if we have time, a process of interchange, based on these quantitative deductions, a process of interchange and agreement until you reach the point where you can pretty generally agree as to what is a feasible level of military manpower to support under the assumptions which you also agree on. I don't see any other way of doing it except by that kind of process.

QUESTION: The plant executive of a certain organization we visited spoke of an incident that happened in the past war that presents quite a problem. The Government built a plant to produce a product that is made in peacetime under highly competitive conditions and on an incentive basis. The wage established in this government-built plant was a flat rate

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I am a strong believer in the proposition that the regular agencies of Government, where they are suitable and where they have a comparable civilian responsibility, ought to be the places where our nucleus of industrial mobilization planning is put, under the general direction of the National Securities Resources Board. If that principle were applied in reply to your question, then I would say that the Department of Labor ought to be told now that it should be making plans for the mobilization of manpower and should be equipping itself so far as it and the Board thought necessary for meeting a future emergency.

I would add only this, that it might then be decided when we got into a war emergency that you wanted to establish an Office of War Manpower outside of the Labor Department and to draw from the Department the staff that had already been working on mobilization. That is a decision which can be made when it has to be made.

QUESTION: My question has to do with the problem of the exemption of scientists and engineers. Almost any kind of large organization which uses mechanical equipment or any sort of technical equipment has its complement of scientists and engineers of various degrees, ranging from technicians up to really competent Ph.D.'s and still you and several other speakers have emphasized this exemption of scientists from the Armed Forces. We are actually one of the largest users of technical equipment. In the late war, while we might have misused some of our men, there were many areas where we degraded our operations due to a lack of adequate technical personnel.

I wonder if, in making these recommendations, you have made any serious qualitative study of the requirements of the Armed Forces in a future war?

MR. HETZEL: I would like to try something out on you. One of the things we have always debated in dealing with the Selective Service is the extent to which it should be used for making calls for technical personnel or particular occupations. That is based on the judgment of those responsible for the manpower in the Armed Forces that they ought to get their share and quota of men in these skills, based on elaborate calculations which they have made--and they are darn good--of the relationship between civilian jobs and military jobs.

I have looked at some of that material and I wondered whether or not in the end the needs of the Armed Forces in a lot of the cases--not in all, I wouldn't think of saying all--would be met more effectively by not taking people who have a related occupational experience but by training new men directly to the military need.

I think that is related, for example, to the problem we ran into on the industrial side during the war. That is, we used to sweat blood about skilled lens grinders because we didn't have anywhere near enough on our

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The second problem is how do you meet their home responsibilities. In a good many places some quite remarkable undertakings were found during the war, where nursery schools were set up and provisions made for people to come into the workers' homes to take care of the kids and help keep the house in shape. A lot of these things were organized.

My own feeling is that to a very large degree these are matters which are solved most effectively in the community, because people in the community know the problems of their own wives and other people's and how they can best be solved.

COLONEL STAMM: Mr. Hetzel, on behalf of the Commandant, I want to thank you very much for a very fine lecture.

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