

MANPOWER REQUIREMENTS OF THE CIVILIAN ECONOMY

8 October 1953

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COMMANDER REEVES: General Greeley and gentlemen: In our study of manpower during mobilization, and specifically in the field of requirements, we have seen that the fundamental, controlling resources must be divided between the military forces necessary to wage war and the civilian forces necessary for the production of war equipment and services. A little over a week ago we had the opportunity of hearing General Anderson speak on the subject of military manpower requirements. Today we have the complement--the manpower requirements in the civilian economy.

For this subject we are extremely fortunate in having with us Dr. Louis Levine, Chief of the Division of Reports and Analysis in the Bureau of Employment Security. As you have seen from his biographical sketch, Dr. Levine has been closely associated with both the military and the civilian aspects of manpower mobilization. As a matter of fact, he himself was mobilized during the last war and he served as a naval officer.

Dr. Levine is by no means a stranger to the college, having participated in our manpower seminars for the past three years. I take great pleasure in introducing Dr. Levine to the Industrial College.

DR. LEVINE: General Greeley and members of the Industrial College: I am particularly grateful for the opportunity to meet with you today to discuss manpower requirements in the civilian economy under partial and full mobilization. I, personally, have a deep and abiding interest in this program and a feeling that it is fundamental to all our mobilization effectiveness. I also have a rather selfish consideration. I feel very definitely, out of all the experiences that I have had in the past, that almost anything you gentlemen will do once you leave this college will in one way or another have a very considerable effect on manpower mobilization. You may seem to be rather far removed from manpower and yet I think I could demonstrate that there is a very close relationship between any action that takes place in the military establishment and in the armed forces and the manpower mobilization in this country.

I think, before I proceed into the topic proper, there are a few things that I would like to set down as rather fundamental principles or considerations which underlie manpower mobilization and manpower requirements.

The first one, and particularly important for us in a democracy and in a nation that has a history and a tradition of free labor markets and individual economic initiative for both workers and management, is the recognition that when we talk about manpower requirements, or when we talk about manpower mobilization, we are not only talking about an economic resource that is basic to mobilization effectiveness, but we are talking about human beings.

This is a major distinction between the stockpiling of war materials, between the shunting and allocation of critically short materials for war production, and the mobilization of manpower. When you are dealing with manpower, you are dealing with a combination of human and economic resources. That is a fundamental principle that must be borne in mind as we are considering manpower mobilization and specifically manpower requirements.

A second rather fundamental consideration, it seems to me, is that we cannot talk about manpower requirements or manpower resources or the balancing of these without recognizing at the outset that statistics do not tell the entire story. They may provide clues or guides, they may serve as broad bench marks, points of departure. In the final analysis however, the qualitative as well as the quantitative considerations of manpower requirements, as well as of resources, are fundamental.

A third major consideration in manpower requirements and mobilization is that one cannot discuss manpower mobilization independently of all the other elements that enter into mobilization planning and effectiveness. It is an integral part, but not an independent part. That is equally true within manpower mobilization itself when we discuss the particular subject for today, which is manpower requirements.

I find it extremely difficult to talk about manpower requirements without discussing manpower resources; in fact it is impossible. The one bears on the other. There is a constant interplay and interdependence in all aspects of manpower. When we talk about civilian manpower, we cannot discuss it independently of military manpower. The manpower pool in many ways is a single one.

Another fundamental consideration is that there are outermost manpower limits that are relatively fixed and that cannot be quickly changed with respect to manpower mobilization. The outermost limit is our population. That can't be changed overnight. Within this limit there is tremendous flexibility. Major adjustments are constantly taking place. There is, therefore, a great deal of expansibility and contraction possible within our work force and our work force potential. That is a basic in our consideration of manpower requirements and how they are to be met under partial and full mobilization.

It is important to recognize that frequently manpower requirements create manpower supply. A great many people think that manpower requirements are met only when the manpower supply is there. Manpower supply is a potential as well as an actual factor. The development of manpower requirements and the emergence of employment opportunities create manpower supply by bringing into the labor market and into the work force people who are not in it under other circumstances, particularly when employment opportunities are lacking. Manpower flexibility, the possibility for adjustment and change, is rather fundamental to any consideration of manpower requirements.

Another rather basic consideration in manpower requirements and manpower mobilization is that, while overall national manpower totals and balance sheets are important, the fact is that manpowerwise we operate in local labor markets. We have no national labor market, except for a few highly specialized professions, a few occupations, such as construction, and so on. We have hundreds of local labor markets. The resolution of manpower problems and the bringing into balance of the labor supply and manpower requirements, must take place in local labor markets.

Therefore, overall national totals in the aggregate merely give you the outermost limits. They can be very misleading. They can be dangerous. We may find from the overall total national manpower balance sheet that both the labor supply and the labor requirements are in balance. If, however, we look at the underlying components of manpower, we may discover that there are large shortages of manpower in southern California and considerable surplus manpower exists in New England.

The operating solution to manpower problems must be made--not in terms of the overall national balance sheet, but in terms of specific geographic sections and localities, industries, and occupations. We finally have to narrow the problem down to the place of employment, the type of employment, and the individual that must fit into a particular job.

I have tried to dispose of these rather basic manpower considerations in order that I might develop in a little more detail the factors which enter into planning, developing, and organizing the machinery to deal with manpower requirements under partial mobilization and under full mobilization.

I shall treat partial mobilization rather briefly and give most of my time to full mobilization. In doing so I don't want to leave the impression that partial mobilization of manpower is a less difficult task than the mobilization of manpower under an all-out emergency. On

the contrary, the mobilization of manpower under partial mobilization conditions can be far more critical and far more difficult than under full mobilization conditions. I want to say a word or two about why that is so.

Under partial mobilization, by the very term we recognize the civilian aspects of the economy, including civilian standards of living, as still fundamental. The civilian economy continues to be equally important in many respects as the military and the national security considerations under partial mobilization. Consequently, there is competition on a scale which does not exist under full mobilization. There is not that singleness of purpose which we find, and constantly hope to find, under full mobilization conditions.

The appeal to patriotism, the recognition of the need for sacrifices, the recognition that previously accepted aims must give way to more urgent needs under full mobilization, does not exist under partial mobilization. This gives rise to difficult problems involving continuity of employment, shifts and transfers of employees, labor disputes and work stoppages, price wages, and other stabilization measures under partial mobilization. The meeting of manpower requirements may be more difficult under partial mobilization conditions than under full mobilization.

Partial mobilization, this period we have gone through and are still in, stands us in great good stead. It discloses some of the identical problems which we are likely to face under full mobilization in dealing with manpower. In that sense I think we are learning a great deal. We are recognizing shortcomings and weaknesses and difficulties that would require some rearrangement of our patterns, our objectives, and our methods of achieving the objectives, and the manpower machinery we ought to set up.

I believe that there is another consideration in both partial mobilization and full mobilization that needs to be looked at very carefully when we are discussing manpower requirements. That is the tendency to hark back to past experience. In our most recent significant experience with manpower mobilization and in manpower requirements, there was a constant natural tendency to hark back to the World War II experience.

I am one who firmly believes that the World War II experience was extremely useful and has much to contribute to future planning and development for manpower mobilization. I think however that it serves as a point of departure rather than a point of continuity, of carrying forward the experience of World War II. The importance of this for planning how to meet manpower requirements under full mobilization needs some recognition.

Take the situation that existed in 1940, just before the declaration of the national emergency by President Roosevelt. When we entered into the national defense program in 1940, we were not yet at war. At that time we had a population of about 132 million. We had unemployment which was running at the rate of 14.5 percent of our work force. We had a work force at that time of about 56 million. We had gone through a decade of serious unemployment, with tremendous surpluses of people, with job rustiness, loss of skill, and obsolescence of skill.

Under those conditions, mobilizing manpower and redirecting manpower into war-supporting or defense-supporting types of production as it was called in those days, in some respects was relatively easy. In other respects it created some problems, as I will indicate in a moment.

Take the matter of the mobility of labor. When we use the term "mobility of labor" we have to be pretty careful about what we mean, because "mobility" is used very loosely. There can be geographical mobility. That is what most people think of as mobility--moving from one place to another, involving a change of residence, going to a new work place. Then there is occupational mobility, shifting between occupations. And there is industrial mobility--the shifting between industries. Sometimes such a shift means following the same occupation, but in a different industry, working on a different product.

In an economy that had 14.5 percent unemployment, that had gone through a decade of depression and serious, widespread, pervasive unemployment, the problem of attracting workers to urgent employment, defense employment, even at a distance, was relatively easy. Geographical mobility prior to World War II, I venture to say, was far higher than we will see in this country again for a long time.

There have been many developments in our labor markets since 1940 and the war years which have tended to introduce rigidities into our work force so far as geographical shifting is concerned. The first is the tremendous rise in home ownership, just to take one item. You will recall that I said at the outset we are talking about human beings as well as an economic resource. Home ownership, rootedness in the community, attachment to the church, the school, and the family take on a different kind of significance now in terms of meeting labor requirements at a distance from what was true in 1940. When we had the upsurge of shipbuilding and aircraft on the west coast, we experienced large shifts of population from the Midwest and the Southwest. Literally millions of people just pulled up stakes, because they had no job stakes, and went to places where they were needed.

In our present full-employment economy, where people are at work in relatively stable employment, secure jobs, at high wages, the opportunity to shift on a geographical basis becomes far more limited. We

have to consider the stage of the economy at which mobilization takes place as having a tremendous influence on meeting defense manpower requirements.

Let me go on to a couple of other items that have tended to introduce rigidity into our work force so far as geographical shift is concerned. I said one was home ownership. Another one is the emergency, as part of the growth of organized labor, in collective bargaining arrangements with industry, involving pension schemes, retirement rights, and seniority rights. All of these create an increased attachment to the particular occupation, industry, and plant, and therefore greater reluctance to shift. We must not regard this development as being on the minus side of the ledger. We want to stabilize the local labor force and stop constant job-hopping. These arrangements achieve this objective at the same time rigidities are introduced which affect mobilization needs and labor requirements when geographic shifts of population are involved.

A principle which we tried to establish, with the military and the War Production Board relating to procurement planning and plant location in World War II was to bring the work to the worker instead of trying to bring the worker to the work or new locality of work. This principle was not accepted until late in the war. It is more important now than ever and is a part of our manpower policy and has been since January 1951.

When we locate plants, when we expand plant facilities or when we engage in contract procurement, for military and other needs, we must look to where the labor supply is and utilize it. It is dangerous rather to assume that by building a plant or expanding production somewhere, a work force will somehow come about to move into that new locale.

The motivations for seeking employment and for shifting employment, taking on new occupations or going into new industries, under the conditions that existed immediately prior to World War II were vastly different from those which exist today. Achieving such shifts is more difficult in an economy with high-level employment should mobilization have to arise any time in the near future.

Our current economic situation, on the other hand, more than offsets the easiness of geographical shift that occurred in the 1940 period. We now have large numbers of people at work, using their skills, developing their know-how. They are on the job. In our present economy, with about 1.25 million unemployed out of a work force of approximately 68 million, we are down to about 1.8 percent unemployment.

Unemployment represents no source of labor supply today, whereas in 1940 unemployment was a very considerable source of labor supply. On the other hand our labor requirements can be met from the labor supply which is employed. That is our labor supply--our employed population--under present conditions. It has a very distinct advantage over a labor supply which has been idle or become obsolescent through skill rustiness.

The kinds of considerations that would enter into manpower mobilization to meet the requirements under present-day conditions, at this level of the economy, are vastly different from those which prevailed immediately before the defense period and World War II.

Now, there is another consideration that, I think, distinguishes the World War II experience from anything that we are faced with or likely to be faced with in the future with respect to manpower mobilization, that is the element of time. Looking back over our experiences in World War II, it took us about four years to rise in the armed forces from a net strength of 800,000 to a peak of 12.3 million. It took time to convert from civilian to war production and to shift population. There were many areas of the country that did not even get into war production until almost the close of the war. That time is not likely to be available the next time. The element of time in manpower mobilization, both to meet military and essential civilian war-supporting production activities is apt to be crucial.

We now have some advantages which we did not have just immediately preceding World War II, apart from the matter of employment and unemployment or the level of business activity in our economy. You may recall that during the defense period, and even while we were in the midst of the war, we had to divert a very considerable number of workers to construction--the construction of camps and cantonments and the construction of plants from the ground up. We had gone through a decade in which industry had been declining and employment had been down, and plants and equipment had become obsolete while business was not investing in new plants and equipment. At the peak we had some 2.7 million, as I recall, certainly over 2.5 million, people engaged in construction before we could get into production.

In contrast to that situation, what has been our most recent experience in our economy? For the last four or five years, and particularly since Korea--but it was even true before Korea--we have been investing in this country annually in excess of 20 and now 27 or 28 billion dollars a year in new plant and equipment. The likelihood therefore of having to divert manpower for the construction of plant facilities will be far less under full mobilization should it come about in the foreseeable future.

By the same token, when we have been expanding plant and equipment investments, it means that we have increased our productive capacity and potential. This is very basic. During World War II in order to get enough steel and in order to get enough of various critical materials, we stopped, for example, the production of automobiles, stopped the production of washing machines, and a lot of other products that involved the consumption of critical materials.

Just before World War II, for example, our annual steel production in 1940 was 67 million tons. By 1950 we had expanded our production to some 96 million, almost 97 million, tons a year. A large part of that was due to encouragement by the Government, as well as the Government going into steel production, as you may remember, out at Provo, Utah. Today we are producing steel at the rate of approximately 116 million tons a year. The goal for steel production capacity is 120 million tons by the end of this year.

Aluminum production in 1940 was 206,000 tons. By 1950 it had gone up to over 700,000 tons a year. Today we have been expanding our aluminum production under the tax amortization program of partial mobilization, so that almost 950,000 tons of aluminum a year are being produced.

Electric power in 1940 was 180 million kilowatt-hours. By 1950 it had gone up to 388 million. We now produce 550 million kilowatt-hours of electric power.

Crude petroleum production was 1.2 million barrels a year in 1940. In 1950 it was up to 2 million. Now it is about 2.6 million barrels.

I cite these figures not to confuse you with figures, but to indicate our tremendous expansion in productive capacity and output. This also means employment in these very basic industries which are crucial to mobilization. It may permit maintaining levels of civilian production and standards of living, even in the midst of full mobilization.

In addition to these basic industries, we need to take into account end product war industries whose manpower requirements rise during mobilization.

At the peak of World War II we had 1.4 million people employed in shipbuilding. This was in June 1943. Today we have about 152,000. Is such decline in shipbuilding dangerous? I can recall that in 1940, when we were in the midst of locating new shipyards all along the west coast from Oregon down into California, that we made a survey of the scarce shipbuilding types of workers on the west coast to discover available labor supply. That survey showed that on the entire west coast there were only a few hundred ship fitters. One could hardly justify the location

expansion of shipbuilding facilities on the basis of such a small labor supply. We developed shipbuilding skills and semi-skills in our work force out there.

Remember that we had gone through some 20 years of decline, with practically no shipbuilding. In aircraft at the height of World War II, we had about 1.34 million employed. Today we have about 740,000 employed. In ordnance at the peak of World War II, we had just about 491,000. Today we have about 210,000 so employed.

These lower levels in employment in end product war industries do not have too much significance so far as meeting future manpower requirements are concerned. The question--and I don't have the answer--is this: Is it likely that under emergency conditions and mobilization requirements we will have to engage in shipbuilding in the same way and on the same scale as we did in World War II?

I suspect that the answer to that question lies in a great many variables. What would be the theaters of warfare? How many men and what equipment would we have to transport and where? What will we do about existing ships in mothballs? To what extent can we use them? To what extent do we need additional speed in future shipping?

Certainly with reference to shipyard capacity and facilities, we won't have to build shipyards. Our danger is that we won't be maintaining those we have. They may be crumbling away. That is really an important problem. In a period of partial mobilization, quasi-peace and war, how do we maintain our facilities?

If this is a problem with respect to facilities, it is an even greater problem with respect to manpower. How can we get people to maintain skills or develop new and higher skills necessary for critical war production when the war production isn't needed at the moment? This is a problem we have not licked. We don't know the answer. We do know that we can't stockpile men in the way we stockpile critical materials.

There is another very important difference between World War II and the present situation which affects mobilization. In World War II we still had something of the traditional pattern of warfare. For us the war was carried on away from our civilian population on distant foreign shores. The casualties were casualties in the military, not in the civilian population. What do future mobilization and emergency prospects hold out for us? Your guess is as good as mine. It is becoming increasingly evident that warfare will not be of the traditional pattern. Warfare will be brought home to the civilian population. Casualties may be as high or higher in the civilian population

than even in the military forces. Certainly the destruction of productive capacity will have greatly increased. The whole problem of postattack rehabilitation of being able to gear manpower recruitment to rapidly changing conditions, to work in existing facilities as against those bombed out, becomes increasingly greater in some future emergency than anything we faced in World War II.

These are some of the manpower problems which we haven't really licked. We are just beginning to recognize some of the horrible potentials that are involved in that kind of situation. These are the considerations that lead to the view that World War II experience is a point of departure in planning for future mobilization.

We must also recognize that in World War II and since we have made tremendous technological progress in the armed forces. We have developed new techniques for carrying on warfare and therefore our need for critical skills is far greater today, and will be in the future, than anything we experienced in the past. The military will be competing increasingly with the essential civilian and the war-supporting production for identically the same critically short skills. We will have to make sure that if we get a good electronics technician in the armed forces, he will be used as an electronics technician. We cannot afford in future mobilization to misuse or underutilize critical skills. That responsibility will be just as heavy on the military as it will have to be on civilian industry. Increasing attention will have to be given to the machinery for determining priorities between the armed forces' requirements and the needs for production of war materiel.

This raises the whole question of methods of building up the armed forces, the rate of growth of the armed forces, the size of the reserves, and who can be called immediately into active military service out of the civilian population. We have found, for example, in some studies we made just after Korea that in a number of critical aircraft and electronics plants, for example, professional engineers and highly skilled workers constituted a very high proportion of the work force and also had a high degree of military vulnerability because of their reserve status. If they were called immediately into active military service, what would happen to the production in these plants which are required to turn out the products for the armed forces?

This kind of problem indicates the need for working out proper coordination and integration of manpower policy and mobilization, so that the overall objectives are met, at the same time that we synchronize, and at times have to adjust and shift, to meet the armed forces' requirements and the basic military-supporting requirements in our civilian population.

Very early in this talk I said that one of the fundamental considerations of manpower mobilization is the flexibility of the work force. I also stated that frequently labor requirements create manpower supply. This depends on the nature of the industry and the production. It also depends on the wages that are offered and the attractiveness of the working conditions.

We found, for example, that locating an aircraft plant in an area may bring a labor supply into being, draw a number of people into the work force, particularly women. The possibility of the employment of women in aircraft production today is vastly different from that in World War II. We now produce a different kind of aircraft, and for many jobs, women who worked on aircraft in World War II could not be so employed today. That comes about because of the size of the aircraft and the hazardous conditions involved. Nevertheless, our major labor supply potential for meeting mobilization requirements lies in the female adult population that is not now at work. As I said before, our first supply is our employed population. They have the skills; they are at work.

The easiest way of meeting labor requirements is, for example, to convert a plant from heavy trucks to tanks. The product worked on calls for basically the same skills--for workers in metalworking occupations. By and large we don't have to create a labor supply. It can be converted very quickly. When a plant is converted, there is no problem of new facilities, no problem of in-migration. The people are already living in the vicinity and working in the area. That is the easiest way of meeting manpower requirements. It is not always possible to do that.

In dealing with manpower requirements for particular skills, we are confronted with the need for creating management, awareness of the necessity for taking steps to build up the labor supply in critical occupations. That means training and upgrading in peacetime. Management however typically doesn't train on the basis of national security requirements. It trains chiefly because production will be increased and better projects will result. This is a serious problem in manpower mobilization planning.

In World War II training was done outside the plants in the first instance, because we were dealing with unemployed people. Skill refresher training was carried on in the schools. Training in the present situation must be done chiefly within the plant. It is in-the-plant training, the upgrading of skills, moving from one skill level to another skill level that needs to be accomplished under partial mobilization.

In the matter of training to meet labor requirements we need to guard against preconceived notions. We think it takes four years to make a certain type of skilled worker. The apprenticeship training program under normal peacetime operation, to acquire all the skills, all the attributes, that are involved in performing the task, in doing the work that must be done, may involve a lengthy period. Under the pressure of wartime conditions we find that we can get workers to perform adequately in many skilled occupations with speeded-up training programs.

These workers may not be all-around skilled men. They may perform only some parts of the task. That is how we met the shipyard manpower requirements on the west coast. We had thousands of ship fitters, but they weren't ship fitters as the shipbuilding industry traditionally knew them. They did bits and pieces of the task of a ship fitter. We referred to this experience as job dilution--breaking the skilled job down into its component parts. This reduced the need for highly skilled workers and increased the numbers of semiskilled and unskilled workers.

The same method was used to build our camps and cantonments. They were built by a few good carpenters and thousands of hammer and sawmen, jackleg carpenters. The real carpenter drew a line on a board and an unskilled worker came along and sawed the board. There are many ways to adapt worker resources.

In meeting labor requirements we must not forget that hours of work can be adjusted to augment output. We are now working somewhere around 42 hours. We are averaging two hours of overtime a week. Under wartime conditions, a 48-hour work week was accepted as standard. We know that there are limits to the expansion of the hours of work. There is a stage at which an increase in the hours of work reduces the production, increases labor turnover, and increases absenteeism. At 48 hours we can significantly increase production without increasing the number of workers. The increased output is equivalent of an increased work force. This is another evidence of flexibility in the work force.

How do these considerations sum up? It seems to me that if we weighed in the balance the pros and cons of the manpower limitations, of the strengths and the weaknesses in manpower, and our ability to mobilize, we would have to give great weight to the tremendous investment in new and expanded production facilities and capacity. We would have to recognize that when we have all but about 1.8 percent of our work force employed, we have a very important advantage in manpower mobilization. The need for diversion of manpower to activities other than production, such as the building of plants, is much less today and for the near future than was true in the past.

Offsetting these advantages, of course, is the uncertainty as to the nature of the war, the theater of the war, the effect of war on our civilian population, the degree of destruction, and the degree to which manpower effectiveness and production effectiveness can be greatly impaired and impeded under modern warfare. More attention needs to be given to the degree to which we are able to recover and shift manpower from bombed-out to existing plants, the degree to which we can count on using standby plants and plants that can be quickly converted to needed types of war production. In this sense consideration of a broad mobilization base versus a narrow mobilization base is important. At the peak of World War II approximately 45 percent of our total resources were used for war. At this stage of partial mobilization we are using less than 15 percent of our resources.

The expansibility of our work force today is less than it was in World War II, or just before World War II, not only because our work force is already employed and therefore there is not much potential to draw on, but also because the characteristics of our work force have changed very considerably. Our population has grown rapidly. It was 132 million in 1940. It is 160 million now. That sounds good, but from the strict military standpoint it is not so good. The growth of our population has taken place in two parts of our population--our older people and our very young people, infants and school age youth. This reflects the high birth rates of the war and postwar years. These categories of the population are consumers but not producers. Therefore we have a smaller part of the population that is now outside the work force that can be drawn on for additional production.

Consideration needs also to be given to the machinery for dealing with manpower. I said earlier that the final resolution of manpower problems takes place in the locality--in a plant or a local area--and chiefly with local labor resources through shifting, adapting, and manipulating the local work force. That means that there needs to be effective machinery for dealing with manpower in our various local labor markets.

The only machinery that we have on a nationwide scale in the manpower field, of a governmental character, is the public Employment Service. It works under very serious limitations, just as other government agencies do--lack of adequate budget, budget cuts and economies, and staff shifts and turnover. It works in free labor markets. No employer is compelled to use it. No worker is compelled to use it. The local employment office personnel represent the specialists in the civilian economy that work in the manpower field. They are the nucleus out of which our manpower machinery must develop for wartime need.

That was the machinery of World War II. The public Employment Service was transferred from the States and federalized during the emergency. The

United States Employment Service became a part of the War Manpower Commission. The actual operations of the United States Employment Service took place in the local offices. The manpower policy, the manpower objectives, and the manpower programs and directives were developed in Washington in the War Manpower Commission and in the area War Manpower office; but the actual operation took place in the local employment office.

In discussing manpower machinery we cannot avoid a discussion of how free can our labor market be under total mobilization conditions? This subject is a very delicate one and is fraught with all kinds of problems. It turns on the point I made at the outset that when we are talking about manpower, we are talking not just about an economic resource, but about human beings. It is pretty hard to separate the economic contribution which that person makes to the economy and the liberties and the rights and the privileges which he cherishes as an individual.

It must be recognized that interference with individual freedom of action, with the liberty of choice of a civilian even under wartime conditions, involves delicate and difficult problems. Such interference relates not only to individuals that would be assigned to work but also to management. It can be a threat to our free enterprise structure and profit system. It is difficult to allow profits to accrue to management while labor is being compelled to work in certain kinds of jobs under stated conditions, at specified wage rates and work hours.

Many complex problems would arise in a national service program involving the conscription of civilians. The program is questioned by both labor and management. The controversial issues involved have found me on both sides of the fence. We cannot ignore the possibility that under a future emergency condition bombing may be carried home to the civilian population with mass destruction. Under these conditions without some effective method of civilian handling of manpower for critical production, we may be faced with the alternative of military rule or martial law. We have had situations where we have had to introduce martial law during peacetime to deal with local emergencies and disasters.

Certain it is that the mere passage of national service legislation does not provide an automatic solution to manpower problems. The British had national service all through World War II. Yet when they badly needed coal miners, they had to furlough soldiers from North Africa who were former coal miners. Forcing large numbers of people into specified work cannot be accomplished nor do persons in jail meet manpower requirements. The basic manpower machinery and the operating techniques and methods that are used to get people to go to work would be identical with or without national service.

We must use morale suasion. We appeal to patriotism. In this country we rely on indirect measures to shift workers. We cut off materials so employment in less essential work is reduced. Selective service was a means for effecting transfers into essential war-supporting production.

It is difficult to say whether these methods in our democracy, with our tradition of cooperation by an intelligent and informed people may not be just as effective as resorting to national service and direct assignment of the individual to work.

COMMANDER REEVES: Dr. Levine is ready for your questions.

QUESTION: First, I would like to ask if there is any measure in preparation now or under consideration for the establishment of machinery to adjust labor to new jobs. Second, is any consideration being given to encouraging industry to train its personnel, by tax reduction or some such measure? We have spent a lot of money encouraging new plant construction by tax reduction. Why not have a similar law to encourage training?

DR. LEVINE: With respect to the first question, there is a great deal of work going on relating to the machinery and the methods of dealing with the mobilization of manpower and the adjustment of labor supply to requirements. We do recognize the local character of manpower operations.

With Korea we established again the regional committees of the various governmental agencies for defense mobilization. We established regional management-labor committees. We introduced that same machinery in those major localities where actual problems were emerging in partial mobilization. In the early stage of partial mobilization we had a considerable expansion in employment and a good many shortages in any number of key occupations.

That manpower machinery had a good deal to do from 1950 up through 1952. There are fewer manpower problems now so that it is something of a problem to maintain the machinery in being. It is a further evidence that partial mobilization is more difficult than full mobilization.

Nevertheless, we are keeping that machinery in being. From time to time we are called to discuss the kinds of manpower problems that are emerging. These committees have been developing plans, materials, and methods of manpower adjustment, recruitment, and staffing, which could be used within our employment service system.

I think we are making some headway with respect to what you asked in the first question.

Less headway is being made in meeting the problem involved in the second question. Training for defense is training for something that private industry does not see as an immediate need or one that affects it in terms of its current production and markets.

There is considerable awareness of manpower today however, resulting from the experience of World War II. I recall that we had difficulty before World War II--during the defense period--getting employer acceptance of the idea that employment of women should be expanded in aircraft plants and shipyards. We were pointing to future labor shortages but employees had experienced a decade of labor surpluses. Events compelled employers to change their news.

It seems to me that no incentive will expand training unless there is assurance that the training will be quickly used. We may actually create discontent if a man is trained to be a machinist but is employed as a machinist's helper. He is likely to think that he ought to be paid a machinist's pay if he is qualified to be a machinist. We have to consider what the problem is for management as well as for labor. A tax deduction incentive for training by employers does not meet the problem of the worker who is trained for skills, but is not able to use them and is not being paid for new ability.

That doesn't answer the question. It merely states the problem.

QUESTION: Dr. Levine, I noted that you said the American people cherish principles of liberty and privilege and so forth. I wonder if anyone has ever thought of the possibility of getting them to cherish the principle of equal responsibility also, as well as the principle of liberty and privilege and so forth.

DR. LEVINE: Well, do we arrive at equality of sacrifice between the civilian population and the military in case of war? I think in the future that is going to be less of a problem, because civilian sacrifices may be equal to, or even greater than, what they were in the past.

Equality of sacrifice, I think, is considered not only in terms of one person versus another; but also is concerned with segments of the economy. Complaints arise about war profiteering in war periods. The cost-plus-a-fixed-fee experience of World War II was frequently criticized. Manpower waste often resulted.

I think equality of sacrifice is a good principle, but each person interprets it differently when it affects him. He agrees with the principle. I don't think there is any difference among Americans on that. Opinions differ on the implementation.

I have a feeling that our people are equal to the task, that they will adjust to conditions that require sacrifices. I have tremendous confidence in the American people. I think--and I have said this as part of my talks in the past--that our national strength lies not in our numbers, but is found in the quality of our people. That we must never forget. It exists in their know-how, their ability to adapt and adjust quickly to pressures. That is our real strength. I do not know whether they would be willing to give up some benefits without the event compelling them to do it, in advance of the event compelling them to do it.

QUESTION: You laid great stress on placing procurement contracts in those areas where surplus labor exists. You spoke of the war labor offices and the employment offices, their use under partial and full mobilization. Do you include in your background the Procurement Act of 1947 and the Surplus Labor Act?

DR. LEVINE: Yes. Under partial mobilization we have attempted to channel some procurement into areas of labor surplus without resorting to price differentials. Although the policy provided for price differentials, they were not used. If there was a low bid by one employer in one area, and another employer in a labor surplus area could meet that low bid, he was awarded the contract. That was criticized and was the subject of considerable discussion in the last session of Congress.

The office of Defense Mobilization has agreed to eliminate that bid-matching procedure. Under partial mobilization with less than 15 percent of the economy concerned with defense, the anxiety to find production capacity is not the same as it is under full mobilization. During full mobilization procurement officers look around and use every plant facility they can find, and labor surplus areas get consideration very quickly. Under partial mobilization we have normal civilian peacetime competition. The principle that procurement consideration needs to be given to areas where surplus manpower exists has not been abandoned. The Procurement Act of 1947 hedges the procurement officer in with many controls--specifications, conditions of delivery, and so on. The manpower consideration becomes more important when the provision for negotiated procurement under emergency conditions becomes effective.

QUESTION: You mentioned that you have great confidence in the American people to adjust and adapt themselves to the needs of the times. In your estimate of the manpower situation generally, has any thought been given to whether any change has taken place in the spiritual, mental and emotional endurance of the people as compared with the last war?

DR. LEVINE: We have found in both the British experience and in our own experience--but more in the British--that excessive hours of work can cause loss of production and a rise in absenteeism.

I don't believe that our economy was ever seriously taxed in World War II. Despite the fact that people gave up some butter, sugar, and a few other things, it was not taxed to its limit. We had a considerable amount of manpower and production waste. Under more stringent conditions we could engage some additional capacity.

I think that emotional stress changes with different conditions and circumstances. People tend to perform in a way that would not be possible perhaps under another set of conditions. The miracles of war production in World War II were performed by the shovel leaners and the dry leaf rakers of the 1930's. The so-called unemployables of the thirties became the war production workers of the early forties, because of the change in labor market requirements and circumstances. Employers during the thirties had rigid hiring specifications for their workers. During World War II the specifications were far less stringent.

COMMANDER REEVES: Dr. Levine, on behalf of the students and the faculty of the college I thank you for a very excellent and informative lecture, and also for your courtesy in answering the many questions which the students had on the subject of manpower.

(30 Nov 1953--750)S/ss