

MOBILIZING OUR MANPOWER

14 October 1953

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Washington, D. C.

Mr. Thomas R. Reid, Assistant Director for Manpower, Office of Defense Mobilization, was born in Monticello, Arkansas, 20 April 1914. Mr. Reid was graduated from the University of Arkansas. He has been executive vice president of the National Society for the Advancement of Management, executive vice president of the United States Junior Chamber of Commerce, and assistant to industry members of the National War Labor Board. He has served on numerous national conferences on employee and labor relations. In 1949 he organized and was first chairman of the Personnel Policy Board of the Department of Defense. He was a member of the official United States delegations to the International Labor Conferences in 1946, 1947, and 1948, and a member of the United States delegation to the International Management Congress at Stockholm in 1947. He is a director of the Detroit Board of Commerce, a member of the National Defense Committee of the U.S. Chamber of Commerce. Mr. Reid was selected as one of America's ten outstanding young men of 1947 by U. S. Junior Chamber of Commerce. He is a former vice president of the McCormack Company of Baltimore, and is Director of Civic Affairs for the Ford Motor Company.

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MR. POLUHOFF: Admiral Hague, gentlemen: Our speaker this morning will discuss the mobilizing of manpower from the standpoint of a high-level planning agency, that of the Office of Defense Mobilization (ODM). Mr. Reid has the important job of planning the necessary steps to insure the maximum use of the Nation's manpower supply during the present defense mobilization period and in the event of total war.

Mr. Reid is on loan from the Ford Motor Company and brings to the job valuable practical knowledge and experience in business and organization. As you know from his biography, he was selected as one of America's 10 outstanding young men by the United States Chamber of Commerce.

It is with much pleasure that I introduce to you Mr. Thomas R. Reid, Assistant Director for Manpower, Office of Defense Mobilization.

MR. REID: Thank you. Good morning.

I understand that you have had presented to you in the course of this present lecture series other talks on the subject of manpower which saved me a great deal of trouble today because those have had the effect of setting the background for a great deal of what I intend to say this morning; also enabling me to avoid reference to a great mass of statistics which you have already received from others, particularly from Mr. Levine in his recent talk on the impact of mobilization on the civilian economy.

Since these statistics have been given you, I think you will find that what I have to say is notably free of them. We shall talk instead in terms of principles and general plans and invite your questions on whether the philosophy we propose is a good one and whether you have suggestions to offer which would be helpful to us.

Let me begin by doing something which I have accepted from Washington in three tours of duty down here in the last 10 years and which I think industry might do well to emulate, that is, the Government practice of beginning remarks with a set of assumptions. It is a good idea. So many times what we say and what we believe takes off from a point somewhere in midair instead of from a point that is established at the outset.

The assumptions I have are not detailed ones because that would take all the time that is allotted for these remarks. Instead, they are broad statements which have been cleared through our offices in ODM and have been used by Dr. Arthur Flemming and others.

Assumption number one on the defense mobilization program which guides our work in manpower as well as the work of others in our office is that we are in the midst, not of a year or a decade, but of an age of peril. Whatever the time is to be, whether tomorrow or several years from now, or not at all, that this thing may happen to us, the fact remains that we must as a beginning accept that we do live in an age of peril, and whatever we do by way of planning or policy is based primarily on that thinking.

Assumption number two, we must proceed from a position of strength as during this age of peril we deal with Communist Russia and with its satellites. We all hope that step by step through the United Nations and in other ways it will be possible for us to lessen the possibility of war and to move in the direction of a peaceful world. We know, however, that our Nation must be strong both physically and spiritually if Communist Russia is to make decisions that will encourage the world to move in the direction of peace and if in the meantime it is to be deterred from launching an all-out war.

Assumption number three, we must be prepared to shift from a civilian economy to a war economy in a very short period of time. Never again will we enjoy the luxury of having time as we had after the start of World War II to mobilize both our material and our human resources in the United States. Either we plan and get ready now to mobilize these resources or we will wake up to the fact that there were certain things we could have done in dealing with an enemy which it will be impossible to do later because of the terribly swift pace that will characterize any war of the future. We can be guilty of the sin of too little and too late in a period of defense mobilization just as surely as we could be guilty of such a sin during a war period.

Assumption number four, we must be prepared for a devastating attack on the continental United States. We know that such an attack is a possibility. We know that preparedness for such an attack can save an untold number of human lives, and in addition can assure our ability to continue a substantial proportion of our war production and the production essential for the holding together of our civilian economy. We must, therefore, stop putting our heads in the sand and instead place our major emphasis on such a preparedness program.

On the premise of those assumptions, the ODM is attempting now to do the job of planning that there will not be time to do after the emergency. We hope that the plans will be ready in time. We are

working against time. When completed, the plans will not be put on the shelf to gather dust, but instead will be kept active. They will be in files to be brought up for re-examination, periodically reviewed in the light of changing conditions and a changing atmosphere, and changed as necessary to be brought up to date from time to time.

If the emergency strikes, therefore, these plans will be something more than plans as of a certain date which might then be obsolete. They will be active, living, constantly re-examined plans, ready for immediate use.

The plan is that they will be rather complete in nature; more, for example, than simple suggestions of what might be done or a presentation of alternatives from which a war stressed nation might have to choose in some haste at the last moment. Instead they will attempt to present the best of the alternatives as firm recommendations. They will submit other choices as possibilities, but will not leave to last minute decision the planning which we feel should be done well in advance of the emergency.

ODM has organized itself on the authority of Reorganization Plan No. 3, which became effective 12 June 1953, into a working agency to accomplish these objectives. In carrying out its intent and its program of work, Dr. Fleming has instituted what I consider to be a most interesting idea of staffing. I think it deserves mention at this point because it does relate to the subject of manpower and perhaps will give you an idea of the handling and staffing of Washington in wartime.

We are considering the possibility that mobilization will require more talent and more expert ability than there appears would be available in Washington at the time the emergency would strike. In planning, therefore, we must have ready to tap from such resources as business and industry, labor organizations, and educational institutions--to name a few--the best talent available in literally hundreds of categories of specialties.

To make sure that we know now who those people are, we are considering the possibility of an executive reserve for Government mobilization positions, and by way of experiment, to test the practicality of the idea now without waiting for an emergency to make such tests, we at ODM--and I understand also the Petroleum Administration for Defense--are already trying out this idea.

The assistant directors appointed by the director of the agency are brought in from their jobs, wherever they may be in the United States, on a six-month to one-year term. Some of them, if they are retired, come in at Government salary; others, like myself, may take

leave of absence from their companies and come in on a without compensation basis. These men are available because the term is limited. They could not be had if their assignment was an open-end one.

They are told that they are expected to do their jobs as assistant director of whatever specialty it happens to be--manpower in my case; in other instances, production requirements, materials, stabilization, nonmilitary defense, or whatever the subject is--for that period of time. But then they are expected to be in a sort of standby reserve forever after. If an emergency strikes, these men are subject to call and their jobs are selected ahead of time.

They have had certain basic training in the fundamentals of those jobs. They have had enough exposure to the Washington atmosphere so that they will bring back with them experience in that area which all too few businessmen happen to have.

The key to the plan and the thing that makes it workable is that each of these men recruited from outside Washington for short-term assignments has directly under him, not as a staff assistant or as someone without authority, but as a deputy to him a career Civil Service employee who is the best man who can be found in that particular specialty. That deputy provides the continuity as assistant directors come and go.

At the end of a six-month or one-year term, it could not be afforded to have a complete changeover, but it can be possible that you will bring into the office the new thinking of a new assistant director and without any particular loss so long as the deputy is there as a continuing employee to make up the lapse of knowledge between the two.

We believe that the combination of thinking outside and inside is a good combination. We think that the plan offers an excellent training method because, instead of training one man for a given specialty--assuming that we have a few years before an emergency strikes--we will have anywhere from three to four to six men trained on short-term bases, ready to be called on merit if needed again.

With that general background on ODM, let me confine the balance of what I have to say specifically to the manpower mobilization question.

Working within the framework I have just described and within the assumptions which we gave you at the outset, we are attempting in our office in manpower to do two things: first, to watch the current manpower requirements and supply situation in the United States by proper plans. Second, as a policy agency to plan for mobilization needs with respect to manpower.

We see that there are no real manpower problems in the United States on a current basis. That happens to be a rather light part of our job, not for any reason of something we have done, but because circumstances are such that the Nation has probably never had so few manpower problems as exist right now. Employment is at new peaks. If anything, we need more people than we have.

The only real problems we have in manpower on a current basis are not nationwide but are in these two general fields: Number one is geographical area problems. In the midst of all our prosperity and high employment, there still exist certain geographical areas in the United States where people are out of work and have been out of work for a considerable period of time.

Now your immediate question there might be, "Well if they are out of work in their home community, why don't they move to another community where jobs are available?" That is easier said than done. Experience proves to us that labor is not a mobile force. What we must plan upon as much as possible is taking work to the workers rather than taking workers to the work. The only group of workers in the United States who seem to be perfectly willing to move about freely are the construction workers and related crafts which seem by tradition to have accepted the idea that their business is a business that requires them to move as work exists in other areas.

Now, in a way that is not a bad thing that it happens to be as it is. The problems of housing, of schools, and of community re-adjustment would be accentuated far more than they are now if it were the popular thing to do for large processions of people to leave one community and move to another one with fluctuations of job requirements in one community and another. The fact that they don't has helped us to stabilize as much as we have.

The second thing which concerns us as a current problem, apart from surplus labor areas geographically, is shortages of manpower by skills. It is important to recognize that we no longer think of manpower so much quantitatively as we do qualitatively. Part of that has come about because war requirements are vastly different now than they have ever been before, and the requirements of the military are for increasingly greater technical skills of all kinds.

It seems to me that has taken place in military requirements something like it has taken place in industrial requirements. Even industry today has a higher ratio of technicians and skilled workers, engineers, and scientists to the rest of its payroll than ever before. Not only is it greater now, but the future trend indicates that it may continue to increase the need for technological requirements.

That, as much as the fact that we have certain birth situations and cycles that have taken place which would cut down the number

available in these skill jobs, has produced an acute shortage of scientists, engineers, technicians, and skilled workers to be divided between the military and the civilian economy.

The question of proper allocation and full utilization at his highest skill is a controversy that rolls back and forth and may never quite be settled. But it becomes our task to make sure that the matter is not overlooked; to make sure that we think in terms, not only of numbers of people, but also of skills of people in looking at the manpower question.

Now, the second big phase of our work and the far greater one in importance has nothing to do with the current situation at all, except as a taking off point, but instead, is concerned with planning for either stepped-up or full mobilization. I think I can say to you that in doing that job we work on the premise that the best thing to do is to plan for the worst conceivable situation, and obviously the worst conceivable situation is all-out full mobilization following an atomic attack on the United States.

If we plan for less than that and then have the worst situation, we fall short in our estimates. However, if we plan for the worst situation and something lesser occurs, it is so much easier to step down the plans rather than having to do a last-minute job of stepping them up. For that reason, then, we think in terms of mobilization planning for the manpower resources of the United States on the worst conceivable situation. Without saying in so many words that it is going to happen, we say that it has to be planned for.

Somewhere beneath that ultimate, we will have ready a secondary plan, which is a stepped-down version of the first one and which will provide for what is termed stepped-up mobilization. Whether that be another Korea or another situation like that where the warfare may take place outside the continental United States, whether it involves an armed force strength as great as the peak of Korea or something less, or something a little more, we think of it as stepped-up mobilization.

Generally speaking, all of this planning revolves around: (1) what are the requirements both of the military to defend the United States and, because it cannot be overlooked, of the defense supporting economy; and (2) the civilian economy required to sustain the basic, essential needs of the American people.

We know that the civilian economy must suffer an impact far greater than most of the American people assume in the event of the next emergency. We know that the manpower pool available for all of these needs is not so great as we should like it to be. We hear constantly from General Hershey and others that we may be running out of manpower, we may be reaching the bottom.

We in ODM are not quite prepared to be so pessimistic. We are inclined to say that the manpower is adequate in the United States to sustain our present military programs without notable impact on the civilian economy. We are prepared further to say that with wise management of our manpower resources, we believe that we can meet slightly greater requirements. But we believe and we have said that in the event of all-out mobilization, manpower may prove to be the ultimate limiting factor in the United States mobilization potential.

I submit that manpower is the factor in production, in defense supporting, and military requirements over which you and I and our Government officials, our captains of industry, and our labor leaders have least control. Much of it has to do with the birth rate to begin with. A great deal of it has to do with training. And all of that has had to happen before any of us expected that there would be an emergency.

Knowing the potential of the enemy, not only from the standpoint of numbers but also from the standpoint of training of skills and technicians for war needs, we are confronted with serious problems.

Our facilities and industrial plant are in much better shape right now than they were during World War II. Certainly, the tremendous expansion in building which took place during World War II for defense had a great deal to do with that, but then since World War II, the industrial plant has expanded tremendously to meet a greater civilian need. For example, we at the Ford Motor Company--to name just one company--have spent since World War II a little over a billion dollars in building new plants just to build more cars and better cars for a civilian need.

Now so long as our plant situation is in pretty good shape, so long as the question of bricks, mortar, and machines--which are always expandable if we simply make up our minds to do something about it--are in pretty good shape, then manpower becomes our limiting resource. The thing that we think should be avoided is the implication that manpower is a limiting resource now because we believe there are so many things that can be done that have not been done to make available the manpower that is needed in the present situation.

We have to assist in this planning for all-out mobilization or something short of it--two principal committees. One is a labor-management advisory committee, which is just what the name implies. It is made up of the best leaders we can find from the ranks of organized labor and the best spokesmen we can find for management and industry, including transportation and the distribution and marketing aspects of business as well as industry.

These men met very regularly and did their work most assiduously. They have come up within the last two months with a volume entitled "Manpower Program for Full Mobilization." Their work has now been turned over to the second committee which does a job with us, the Manpower Policy Committee, consisting of representatives from governmental agencies. Obviously, then, we have advice from the labor-management group which may many times not be in agreement with the advice we get later from the Government agency group, and that is precisely what has happened in this instance on the manpower program for full mobilization.

Their controversy, which is rolling about right now, is a key one, a vital one, and one which is going to be resolved, but when or how, I am not sure at the moment. The labor-management group insists unanimously that it is possible to enlist the manpower resources of the United States to defense in the event of another emergency on a voluntary basis, that the American people will respond to a crisis; that labor-management groups cooperating will assure that both employers and employees will rise to the occasion and make sure that the right people are in the right job doing the right thing to protect the Nation.

The Government group eyes that view with a skeptical eye. They are not at all convinced that the American people will respond without some control mechanism on manpower.

One immediate reply the labor-management group gives to the Government group is this one. They say, "We do not advocate no controls whatsoever. We say that there should be controls in an emergency on materials and on various other factors, which, in turn, have a great deal to do with controlling manpower." And to that extent they are right. Undoubtedly, if you remove by a priority system or a materials control system certain basic materials from a given manufacturer who is not essential to national security, the manpower employed by that manufacturer will, in the normal course of events, without specific manpower controls, be laid off on his jobs and drift into other jobs where materials are available. We know that. Our experience has proven that this will happen. The question the Government people still raise is whether that will be enough to make sure that we are not still busy making bobby pins with a nation at war.

Now the Government group will propose to the labor-management group an alternative something like this. Let us try to get a voluntary program in complete form with all the steps you think it will take to make it work, and all the implementations to policy that you can determine now, and let us have it ready. But let us be sure, in addition to that program, we have on the shelf and alongside it a provision for some sort of manpower controls and regulations which

can be pulled off and used if we reach a point where a voluntary program no longer works effectively, depending on the extent of the emergency.

That seems to some of us in ODM as a reasonable and safe conclusion. And we are suggesting that our discussions proceed in that way; that we do our very best to make use of a voluntary program and use it as far as it will go, and that we have it ready down to the most minute detail, including drafts of Executive orders and draft legislation; but that we should begin to prepare, whether we get labor-management cooperation or not--and they do feel strongly on this subject--another program which will make it clear that certain limited controls may be used if necessary.

That is a preview of something which is not out in the open but which is the key controversy revolving about the program of mobilization planning for manpower.

The other big task in which we are engaged at the moment--and I won't mention all the small ones--is a request from the President of the United States to ODM to deliver to him by 20 December a report on the manpower resources of the United States. It is rather surprising how little we really know in the form of basic facts about the manpower we have in this country, where it is, what its skills are, how it is divided, and how much of it there is.

He suggested the possibility that we might want to retain a top-level committee of citizens to take a look at the figures from various Government agencies, some of which, I might add, have not agreed with each other, to find out who is right, to evaluate the statistics, and to come up with a sort of calculation from their experience on what are really the manpower resources of the United States.

They are not to look at resources alone. They have been asked also to get the requirements picture as best they can, and then to state whether they believe that the requirements for manpower to operate Selective Service and the military forces and the available resources of manpower related together are sufficient so that it might be possible to operate a national security training program or, as it might be called, universal military training, at the same time seeing that the other and the armed forces requirements are fulfilled. Is the manpower there to do the job and is it there to operate both, without significant impact on the civilian economy which would cause too great hardship on the American people?

That is the question given to the committee and the committee is struggling with it now. We appointed a 24-man committee composed of businessmen, labor leaders, top-flight educators who have now had

two meetings under the chairmanship of Lawrence Appley, President, American Management Association. They received the schools of thought from Selective Service, from the Department of Defense, and from the Bureau of Labor Statistics. Armed with these different ideas and these different statistics, they must now before 20 December decide who is right and what part of each is right; who is wrong and what part of each is wrong, and come up with an evaluation which, we believe, when delivered to the President, will provide a suitable basis of facts for making decisions on the resources of manpower.

We believe that those findings will be valuable in ever so many ways in mobilization planning, not only on the subject of whether there can or should be a universal military training program but also on questions that are involved in arranging defense and in planning for a stepped-up or full mobilization.

These, then, are the principal activities and our principal methods of going about solving these problems. We are a coordinating agency. As part of the Executive Office of the President, we do not operate. What we do is to bring together the best thinking we can from outside and from inside Government to advise us on whatever problems there are on the subject of manpower in the United States. Armed with those ideas, we attempt to reconcile them as much as we can if there are differences. Once having done that, we set policy. The policies we determine either for the current manpower problem or for manpower mobilization planning are then farmed out to the proper agency of Government for execution.

We perform a police function to follow up from time to time to make sure that the policies are not being ignored or that execution is not being delayed. Reports back to us periodically indicate whether it becomes necessary to do further policing or not.

In that capacity ourselves, we are keeping a weather eye on what are the manpower resources of the Nation, is there enough of it to protect us in the event of emergency, and are we doing everything that we can do as citizens of this Nation to make sure that our manpower resources are sufficient to meet our manpower requirements for national security.

Thank you.

QUESTION: I would like to go back to your statement about the labor-management group and the voluntary system of full mobilization. I would like to have your opinion as to how effective a voluntary system would be in case we have to go to full mobilization in a hurry as a result of atomic attack on this country; that is, if we can't build into it gradually over a period of one or two years, but it is something that might happen this afternoon.

MR. REID: It is my opinion that there should be a voluntary program written out in full on the ground that if you did not have such a program prepared, your inclination would be to jump immediately to controls.

Now, it seems to me we want to go as far as we can to preserve certain democratic principles and things we pride ourselves on here in the United States; if we can make a voluntary plan work, we should certainly try. The only possible way to find out whether it will work and whether other controls such as those I mentioned on materials will serve to divert manpower properly will be to have a program ready, to have it as complete as possible, to answer as many of the questions ahead of time as possible, and give it a try. So I believe that the labor-management committee has done a service to the Nation in preparing a complete document based on a voluntary program.

What I suggested in my remarks was that it may not be enough to rest our case on that program alone but that we should have provision for an "if" clause in our manpower policy providing that something else may be resorted to if necessary.

However, I wouldn't for a moment want to imply that the emergency would require our jumping into a control system on manpower immediately. I don't think that is the case, and I don't believe that the American people, until once tested in their response, would accept a control program without trying the other idea first.

QUESTION: Sir, I was interested in your fourth assumption where we must be prepared for a devastating attack. Could you elaborate on that? For example, how many casualties do you expect under given conditions, a given time period, and what impact would that have on our manpower and our economy?

MR. REID: I can't elaborate a great deal because the thinking on that subject has not been done by ODM. What we have done is accept a basic set of assumptions from all Government agencies concerned and proceeded from there. Now what that thinking is will change from time to time. I doubt very much if what we have been handed is going to be the same that we will have a year from now, say, or some later date, but we do know that, based on the assumptions given us to start from that we must be ready to prepare for a major postattack rehabilitation program. So that is set up and it is a separate chapter in our mobilization program book.

QUESTION: To go back to the first question, have you considered the possibility of reversing these "ifs" and the possibility of proposing that we plan to implement a legislative program where we have machinery on the ground and implement it only to the degree necessary?

I think that it would give us the advantage of having a machine in existence which we could go to if we found ourselves in bad straits at the beginning. I think it is a question of time.

MR. REID: It just so happens that the work has been done the other way, perhaps because it initiated with the labor-management committee. They have completed their work on a voluntary program, and the second step now remains to be done. I don't see that the second step is going to be a long, time-consuming process because I would think that the experience we have and the information we have on what that should be will help to get started on it and it will move fairly rapidly toward a program of that kind.

However, the voluntary program which has been developed did require a lot of reaching for detailed steps that would be necessary because it is a voluntary program--you see what I mean. In other words the control idea rather quickly sets up how it would be done, but under a voluntary plan there are numerous implementations, numerous actions to be taken to make a voluntary program practicable.

We are somewhat ahead, I think, in mobilization planning in the manpower wing. This document we have now before the interagency committee on manpower policy is one that may become a model for other aspects of mobilization planning. Eventually, I am told, this particular program and whatever we add to it on the control subject will go before the Defense Mobilization Board, and then from there, after review by the field, to the National Security Council for final approval.

So what we have is a beginning on the voluntary program which in itself is ahead of a lot of mobilization planning and the other still has to be done.

QUESTION: Mr. Reid, I was interested in your top executive management reserve in Government. We in the Marine Corps are sold--and I think the rest of the service is--on a reserve in time of peace to call on immediately in time of war. That served, I think, as everybody will agree, in World War II and also in Korea.

Now we would like to see a military reserve program in effect. However, there is quite a lot of antipathy on the part of our young men to take part in reserve programs because of the effect it has on their careers in industry. What is ODM's thinking on this?

MR. REID: What I will answer on that I am afraid isn't ODM's thinking because so far we haven't presented to ODM what we intend to do. I can tell you what we are suggesting in a first draft, and that is in full realization of the point you made that the average

young fellow worries about his career when he is beginning to be tapped for a Government job. We are proposing that we go to the employers before going to the young man himself.

We are anticipating a plan which begins with the preparation of rosters of people by specialties. Following that selection, using the best available talents in Washington in the various Government agencies concerned, pick out the top few of every category on the roster, and proceed to indoctrination and finally to training.

Now in that selection process, we would emerge with, say, the top 5 to 10 people in each category of specialists we think we will get in the event of mobilization. We would go to the employers of those men and say to them, "This man X has been earmarked for an executive reserve job. We will require some of his time now for indoctrination and we will require some of his time later for training. We would like to have you know that in the event of mobilization we want to come to you and have you release this man to us."

Now, having done that through the employer, we think that much of the difficulty that you mention will be averted because the contact will come, not from us to the man involved, who will then find it incumbent upon him to sell it to his employer, but from us to the employer and from the employer to the man selected.

QUESTION: Would that work the same way in the military services if they have a reserve system?

MR. REID: I just don't know. My experience in military reserve matters is not sufficient to answer whether that would be effective or not. I confess a good deal of that thinking comes about from my own experience in instances where I have been called to Washington on these leaves of absence assignments. I hesitated a good deal when in the past I was approached and then I had to approach my employer. But in the present instance, Henry Ford II, came to me and said, "Will you go?" and that removed all question.

QUESTION: Mr. Reid, to what extent will the existing machinery as constituted by the various State Governments be used to implement this big mobilization program? Will authority be delegated to the various governors and will they be held accountable for certain components in the execution of the mobilization plan?

MR. REID: Yes; I am awfully glad that you made the point because I should have. It is contemplated in this program that the decentralization will be used as much as possible, not only the cooperation at the State level that you suggest, but also certain regional and local labor market areas will cooperate through a voluntary program. The thought will be that the decentralized labor-management committee, various agencies of Government and groups

working in the area, State or region, would have practically everything to do with the success of the program. Decentralization is the key to the idea.

QUESTION: You have said that ODM is only a planning and policy agency. We have heard lots of criticism about the fact that this manpower deal was everybody's job during the last war. Is it your feeling that ODM is the nucleus of the operating agency? I have heard a lot of arguments back and forth. I would like to hear how you feel about it.

MR. REID: That is a very good question which I shall attempt to answer quickly, but it took the labor-management committee exactly five all-day meetings to answer that question. That is one they stubbed their toes on.

When it came down to the organization for the mobilization of manpower, the labor members had one idea and the management members had another. There was a difference of opinion in the two groups and even between members of the same group. They finally emerged with a compromise very close to what you suggested, not necessarily that ODM would be the manpower agency or that the manpower agency would rest within ODM, but, instead, that the manpower agency would be in a single place, making the point you have just made, that it isn't good to have it scattered about, and that place should be the mobilization agency--whatever it is. If ODM is succeeded by something with a different set of initials, we thought it should be made clear that manpower be placed within the overall mobilization agency whatever that is or wherever it is. We think manpower should be within that agency along with the stabilization agency, along with nonmilitary defense agency. That is the present structure of ODM and it might well continue over in the event we faced another war, but we say that that is where it should be.

QUESTION: Do you think that you could get Congress to put Selective Service in there? The President put it there once during the last war and Congress turned around and pulled it back out because it apparently didn't want the overall agency handling Selective Service. Do you visualize that Selective Service will go in there, too?

MR. REID: I couldn't visualize, without a crystal ball, what Congress might do, but we can say that there has been considerable opinion expressed that it might belong there.

QUESTION: Mr. Reid, somewhat along this same line, it has been said that NSRB was dissolved because it planned in something of a vacuum and that not having been attached to an operating agency, its plans were unrealistic. If that is a correct statement--and I

am not sure that it is but I have seen it in print--how does ODM's organization differ to overcome that deficiency?

MR. REID: I don't know whether it is a correct statement or not. That is a little different from the statements I have heard on the same subject. However, it seems to me that ODM is considerably different from NSRB. In the reorganization of the ODM which took place effective 12 June 1953, NSRB, the stockpiling functions of the Munitions Board, stabilization, and a lot of other things were put into what is now the Office of Defense Mobilization. Therefore, NSRB's functions and activities are just a part of what ODM has now; I don't think that the two are comparable in the sense that ODM is simply a revised NSRB. It is not. It has broader authority for one thing, and it has a better system of liaison with other government agencies for another. And the most important thing of all is that it has the effect of cabinet status in the National Security Council.

That, I think, may constitute the difference, along with the careful liaison work that we are doing constantly with other agencies. Interagency committees work together on all these things we are dealing with now. We often have the question raised, "Doesn't it worry you that the work is farmed out to other agencies to do?" It does, but to do otherwise involves a greater amount of expense and a much larger staff, which we think in the long run might alter the basic concept of ODM as a small, tightly knit, planning group. Therefore, we are depending a great deal on interagency committee liaison and police action after the policy is set up to see that what we fear does not happen.

I feel the situation in NSRB is not identical with the situation now in ODM.

QUESTION: As to shortage of skills, some observers report that we have so compressed or reduced the spread in our wage structure as to remove the incentive for the unskilled or semiskilled man to upgrade himself. Have you considered this problem and is there any thought that the time is here to take action to increase that spread, at the lower levels at least?

MR. REID: Yes, that is an excellent observation and one that is causing increased concern. Now the first thing that we have determined on that subject is that the subject of skilled workers is not to be put in the same package for consideration as the subject of scientists and engineers. That is the first determination that was made. You are not talking the same language when you talk of the two.

So we have separated the problem of the skilled worker into another category for action and at the moment we are contemplating

studies on the subject you mentioned. But we think one of the more important studies may well be done by private groups whom we have encouraged to start working. We think that will bring it to the attention of the public. I heard as of last Friday that they are getting into that and hope to come up with some observations and findings which will be made public within a matter of weeks.

QUESTION: In presenting your statement that we might have the necessity of bringing work to the worker rather than the worker to the work, has any consideration been given to the method of controlling the assignment of this worker over to the area where he should be? It would require a tremendous amount of control. Would you care to discuss that?

MR. REID: Yes. That leads to some extent into the answer to a previous question concerning decentralization. It is proposed that in each State or labor market area there would be an agency made up of representatives of the manpower agency in Washington, and it would rest with the manpower agency head in a local labor market area to maintain some kind of inventory and some kind of regulations over the employment of people. He would do that to a large extent by being a coordinator, and under the voluntary program his activities would consist of becoming the information center. It would be required that whatever is done by way of employment in the event of an emergency would channel through that local manpower office. He, in turn, would watch the situation, report any developments of significance to his regional or national manpower agency; and then the thought would be that by keeping such a close observation on the case a local problem could be averted.

Now therein lies one of the elements of controversy. There are others who say that, short of controls, there is no way for that local manpower agency to enforce what it proposes to do. The labor members on the labor-management committee insist that it is possible through materials controls and with that kind of channeling through a local office to make sure that people are diverted to the jobs that are defense supporting.

QUESTION: Would there not be a question of plant availability? Machine tools, chemical works, and so forth would enter very much into that part of the question.

MR. REID: As to plant availability in a labor market area for the type of workers they have--that is possible, except it would be assumed, I think, that the workers would already be there, at least as the nucleus, where the plants are. But you think there might be new plants built in areas where such workers are not available?

QUESTION: My idea was that the demand for certain types of products--the development of airframes or ordnance--would require

the plants in that labor shortage area to produce that type of products or you would have to change your machinery, retool completely to accommodate the worker in that plant.

MR. REID: No, I think in that instance that the experience we are having right now would indicate that the workers have gravitated sufficiently to the areas where those plants are so that in the event of emergency the situation wouldn't change overnight at least. For example, the trend to the southern California aircraft plants is one indication that seems to have worked itself out fairly well. While they are short of engineers and certain technicians, our common labor pool has been kept well supplied in spite of the tremendous growth of the facilities.

QUESTION: Mr. Reid, I was wondering to what extent imported labor might be used come a full mobilization, or, as an alternative the placement of requirements for products requiring manpower in our neighboring countries, such as Canada and Mexico.

MR. REID: It is an excellent point and it is included in the proposed program for full mobilization. Both of the ideas that you mentioned are covered. First, that we depend on our allies as much as possible to do production with their own manpower; second, that we use manpower from our allies as much as possible in both agriculture and industry.

QUESTION: Mr. Reid, your policy of using tax amortization to decentralize industry has some very dangerous social implications. I wonder if you have had to answer any questions on that, and, if so, how you answered them.

MR. REID: There have been questions, but generally speaking we have found the tax amortization program rather widely acceptable. We have not had the kind of correspondence or reports on that subject by any means that we have had on such subjects as Defense Mobilization Policy No. 4, which provides for assistance on defense contracts for labor surplus areas. So the tax amortization feature so long as it is limited to programs within our expansion goals has not aroused too great a controversy.

Now your thought is that there might be some objection to assistance to one instead of to another. Is that the idea?

QUESTION: You end up with a man having two plants where he used to have one before, more or less by Government subsidy, and I think there are many people who might object to that.

MR. REID: My feeling is that perhaps you and I disagree on the premise a company uses in locating a plant. I do not believe that

such gains as might be available in the tax amortization feature would be sufficient to locate a plant in a given area unless other factors were present. In other words they fully realize that the tax amortization gain is a short-term one and they have to think in terms of depreciation for a long period of years in that plant and they don't want to take a chance on being stuck with it.

What I think might happen is that a company which might be in a marginal situation between a labor surplus area and another location in a labor shortage area might see in this just enough incentive to put the plant in the labor surplus area. The relationship of water availability, power availability, labor skills, and so on, are the things that make plant location wise, not tax amortization. It is one of many factors, but not the determining factor.

QUESTION: Mr. Reid, it would appear that in any attempt to devise a manpower mobilization plan or policy, there would be another rather basic assumption. You mentioned the matter of converting our production and the fact that we would have to maintain a minimum civilian economy. What have you assumed as a minimum acceptable civilian economy, either in percentage of a certain element of our manpower or as a percentage of our gross national product in dollars, or some other criteria?

MR. REID: Well, I will state very frankly that we have not assumed on that because that is going to become the variable. What is fixed is your military requirements and the requirements for the defense supporting economy. Then, I am afraid, the rest of the civilian economy must become flexible to suit the requirements of the previous two.

QUESTION: That was the common assumption of most of us, except we saw it work the other way in 1951, when there was a clash of opinion as to how much guns and how much butter we could have out of our economy. It would seem now the situation is reversed. In any planning for the future we must consider first how much butter will this Nation get along with before we can plan our defense. Our defense leaders never agreed that we produced enough guns and there was produced as little butter as we should have in 1951. It was the biggest controversy of the Korean situation, if you remember.

MR. REID: I can only say that the labor-management committee accepted without reservation the thinking the other way, that you had to take care of the military and defense supporting economy and let the unneeded civilian economy take what was left. I don't say that controversy won't come up again. It always will when somebody* is being pushed out of business. But nevertheless there seems to be acceptance that the national emergency is not going to be another Korea; it is not going to be another World War II; and if that

acceptance is there ahead of time, I think we are in a better position than we were either in Korea or in World War II. Of course, that is one reason for feeding these things through the labor-management committee--we build up public acceptance long before we have to call on them to back up Government programs.

QUESTION: Mr. Reid, if I understood you correctly, you hinted that, although we have full employment now, there may be ways of improving the use of our manpower at the present time in what we might call partial mobilization. Please explain what you had in mind at that time.

MR. REID: I happen to be one of the school of thought who believes that there is still room within each independent business enterprise to use our available manpower better than we do. Now as to the way that is done, each individual business is approaching this problem in a different way and the pattern is by no means set. But the interesting thing is that it is becoming increasingly important to management and management is spending a lot of time and a great deal of money and effort on the subject of manpower utilization improvement.

That is encouraging. Just what management should do is questionable, but what we can say is that there is room for improvement, and management generally seems to be disposed to accept that and then proceed to do something about it. They have only scratched the surface. But they are beginning to get away from the practice of trying to fit square pegs into round holes and to use their manpower at their highest skills.

While we have done a good mechanical job of utilizing personnel along with their training, we haven't yet really solved the problem of the human will to work and of making sure they are putting into their jobs as large a percentage of their capabilities to do the job as should be done.

That involves a lot of things on the part of the management. It involves a personnel climate or atmosphere in which employees work; it involves intangibles which have nothing to do with pay. It has to do with company rules and participating programs that make the employee feel, "I enjoy my job. I like it. I want to do all I can to make my job well done." Those are areas of management that are still ahead of us. We are making progress on them but we haven't made nearly the progress in social science in those areas as in the physical sciences, inventions, and discoveries.

QUESTION: You mentioned that one of the things ODM is doing is keeping its fingers in the plans by policing the manpower problems.

You also mentioned the report which you are preparing for the President with respect to resources. Now any deficiencies which are uncovered--such as you mentioned, the shortage of skills--what are the various means under consideration for correcting those deficiencies.

MR. REID: Well, one of the primary means is this old question of utilization which the previous question and answer just discussed a little bit. We think that improved utilization both within and without the military could go a long way toward meeting some of those skill problems. We think further that the cooperation of educators will have to be solicited, not to solve the problem for next year or 4 years from now, but to solve the problem for 10 years from now.

That is being done right now. We are so conscious of the shortage of engineers and scientists that we are doing quite an effective piece of work through educational institutions and private groups to encourage enrollments now in those areas where shortages seem likely 5 or 10 years from now.

QUESTION: I read some place that there is a shortage of training facilities--that is one reason I raised the question--that the schools cannot accept all the number applying for training.

MR. REID: I think that is perhaps true. That is what I had in mind when I said that cooperation with educators will have to be solicited. Educators have been disposed to do something about that and in some instances industry is cooperating with the educators on that. As an example, the University of Michigan has set up an entirely new campus for electronics engineering and the Ford contribution to that was a million dollars, to build an atomic research center, simply with the thought that if this facility was not there, they would have to provide one.

I don't know how widespread that is, but I understand a great deal is being done by educational institutions throughout the country. It may not be ready next year or the year after, but it is in process.

QUESTION: I would like to know a little bit about the contrast between the labor-management committee's voluntary attitude and the Government's nonvoluntary attitude. I presume there would be controls involved in the voluntary ones. There wouldn't be the association for the contrast between cooperation versus national service registration or is it less widely expressed?

MR. REID: I should say the basic difference is that the proposed voluntary program of the labor-management committee begins with the premise that it is possible through other types of controls to control manpower without direct manpower controls. The Government

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position is that, in addition to direct controls on materials and other things affecting manpower, perhaps there should be direct manpower controls, too. Now, the ultimate of such direct manpower controls would be national service legislation--what is popularly termed a labor draft. That is anathema to most labor-management people and to a great many others. One of the basic American freedoms would be thus greatly impaired--to tell a man you have to work in X company and if you happen to be happily situated in Y company, well, never mind, you work in X company anyway.

So the difference between the two is that one point of view says that manpower will be controlled by controls on other things, such as materials, and the other point of view says that isn't enough; there should be direct controls on manpower itself.

MR. POLUHOFF: I am sorry our period has come to a close. Mr. Reid, you have given us a wonderful counterbase to our studies on manpower. On behalf of the Industrial College, thank you very much.

(18 Dec 1953--750)S/sgb