

MANPOWER REQUIREMENTS OF THE CIVILIAN ECONOMY

23 September 1954

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INDUSTRIAL COLLEGE OF THE ARMED FORCES

Washington, D. C.

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CAPTAIN REEVES: General Niblo, ladies, and gentlemen: After a considerable amount of research, I have come to the conclusion that the first acknowledged expert in the field of manpower requirements was a lady named Eve. Of course, since that time the problem has increased in scope and has become vastly more complicated.

Today we have the first of two lectures which have been scheduled to cover the field of manpower requirements, and we are fortunate to have with us Dr. Levine to speak with us on the first subject, "Manpower Requirements of the Civilian Economy." When I first contacted Dr. Levine and extended the invitation for this discussion, I found that he was scheduled to be in California on this particular date. However, after considering the invitation, he felt it was more important for him to discuss this subject with the student body of the Industrial College than it was for him to take a trip to California.

Dr. Levine, we are very grateful for that attitude. As you have noticed from Dr. Levine's biography, he is fully qualified to discuss the many problems which arise in the subject today. I sincerely feel it is an honor to present you once again to the student body of the college. Dr. Levine.

DR. LEVINE: General Niblo, members of the Industrial College of the Armed Forces: I deem it a great honor and really a privilege to be here again under the auspices of the Industrial College to discuss with you the "Manpower Requirements of the Civilian Economy." In my discussion I will attempt to deal to some degree with the implications of partial mobilization and then the conditions of full mobilization.

Before I get into the specific detail of manpower requirements, however, I think it is rather important that we bear in mind certain fundamental considerations--I won't call them principles, but at least fundamental considerations--that run through the whole field of manpower. These considerations are important, it seems to me, if we are to understand manpower itself, whether it be resources or requirements, or the balancing of resources and requirements. They also affect the inter-relationships that exist between manpower and other elements that comprise the total resources and the total effort of our economy in the event of war.

In this connection I should say that the mission on which you people are engaged is probably as fundamental and as important as any one mission can possibly be, in my estimation. You are required to see in broad perspective the interrelationships of the various segments of our total economy and then the relation of the economy to our responsibilities in international affairs. It seems to me that the extent to which you successfully accomplish your mission will be an assurance that we will be able to continue to carry our role of leadership in world affairs. So I am asking you at the outset to take a broad perspective when we think about manpower.

There are certain basic elements in manpower that should underlie all of your thinking.

First, manpower resource is an economic resource, but it is also a human resource. The two are interwoven and they cannot be separated, and this is especially important in a democracy. It is especially important to the way of living we have in this country, where we ascribe great importance to the dignity of the individual, individual economic initiative to make economic decisions for one's self, and the free enterprise system. These elements that underlie a manpower program involve the recognition that we are dealing with human beings. You cannot separate the human being and all that makes him up from the economic resource which he represents with respect to needs of partial mobilization and full mobilization.

Second, I should like to stress the importance of recognizing that manpower statistics tell only part of the story. You cannot place a human being in a particular pigeonhole, count him up, and say there are so many people and therefore this is the total resource equivalent, in the same way as you would count tons of coal, bushels of wheat, or tons of copper. Human beings vary considerably, and the statistic has the unfortunate characteristic of combining the differences and making them all as if they were one. The quality aspects of our human resources are as important as the quantity aspects, sometimes even more important, and I shall deal with that a little later on.

The third important characteristic underlying the consideration of manpower is its great flexibility and adaptability. At any given time we may say that we have so many people in this country with particular characteristics who can fit into our mobilization requirements. Yet we know that under different circumstances that situation changes completely. We can expand our work force, our human resources, and we

can expand it in a variety of ways. I want to deal with that later on in the course of our discussion.

The fourth underlying consideration is that national totals sometimes may conceal more than they disclose. We may appear to have in our national balance sheets of manpower an adequate supply as related to requirements, and yet in a specific locality we may have either a shortage or a surplus of manpower. Similarly, in a specific industry or a specific occupation, we may have a shortage or a surplus; while on an overall national balance sheet, we will seem to be in balance. We must not be misled by the fact that when there appears to be a national balance, we can at the same time have a surplus of workers, say in New England, and a shortage of workers, say in the Southwest.

Another important consideration that underlies any analysis of manpower requirements is the question of mobility. We pride ourselves on the thought that our people are more mobile than the peoples of the rest of the world. I think there is some merit to that notion; but I think there is also a danger if we think that our people are so mobile that they will respond to needs simply and easily. Manpower is not that fluid. When we talk about mobility, I am using the term to comprehend not only geographic mobility, that is, the geographic shift from one part of the country, one locality, to another, but also the shift of workers between occupations and between industries--industrial and occupational mobility, as well.

The fifth of the considerations that I think are important is a recognition that past experience with respect to manpower is significant as a point of departure. We can learn from the past, but we cannot rely on the experience of the past, with respect to manpower. I regard the experience in World War II in the manpower field as extremely important, but only as a point of departure, only as a benchmark, with adjustments that have to be made, taking account of the conditions that have emerged since World War II. I will deal with this when we go into the question of the civilian economy requirements in the event of mobilization on the present situation as against the conditions which confronted us immediately preceding World War II.

All of this indicates that we need to have flexibility in our own thinking. We should not proceed in our analysis of manpower requirements strictly from preconceived notions. There are all kinds of myths and fables about manpower. You hear them on the street, in the plants, and in the union halls. Those myths and fables have to be tested against the

facts, and very frequently they are shown up to be myths and fables. Certain people will not work under certain conditions. People cannot work certain hours. People will refuse to move to where certain kinds of conditions exist. These notions need to be tested. We still don't know what we ought to know about manpower in assessing our capacity and ability to meet manpower requirements under mobilization conditions.

It is rather interesting that over the years in this country we developed a vast fund of information about physical resources, industrial capacity, consumption, freight-car loadings, the number of pigs and cattle we raise, and so on; but, only in relatively recent years have we begun to develop any real understanding and any real collection of information about our manpower resources. That development really dates from about the time of the depression years of the thirties. That is when we first got into the question of how does a labor market function--how is it organized, what is its behavior, what are the sources of labor supply, what is the character of labor demands, and how do they mesh. In this field we still have a great deal to learn.

With this background discussion out of the way let me turn specifically to some of the recent developments which have taken place and contrast the situation immediately before World War II and the situation that confronts us now. This will help us to assess how manpower requirements can be met under mobilization conditions.

It is important that we differentiate between partial mobilization and full mobilization. Under conditions of partial mobilization, by the very term you can recognize that the civilian elements of the economy hold dominant sway. Partial mobilization means that only part of the economy is geared to mobilization needs. At the present time, approximately 12.5 percent of all our goods and services are devoted to mobilization requirements. At the height of World War II--and I am one of those who believe we were not completely pinched under the conditions of World War II--about 42 percent of our gross national product, of all our goods and services, were devoted to the prosecution of the war. So you can see where we stand currently as against the peak of World War II.

In some respects, partial mobilization gives rise to more difficult problems than those that confront us under conditions of full mobilization. The whole attitude of our population, the recognition of a singleness of purpose, the prosecution of the war, and its speedy victorious conclusion is not the same under partial mobilization as it is under full mobilization. The zeal and patriotism, the rising above one's self, above one's own

selfish interest to recognize the common need, is not as great under conditions of partial mobilization. The conflict and the competition between the desires and wishes of a civilian economy and those that are necessary to the building of national security are much greater.

The element that underlies our private enterprise system of increasing net worth and acquiring a profit is very important under conditions of partial mobilization. It does not have the same importance nor receive the same public acceptance under conditions of full mobilization. Psychologically the problems of partial mobilization give rise to many more difficulties than is true under full mobilization. This is particularly true in the field of manpower. People will not easily shift--people will not go from one industry to another, from one occupation to another, from one locality to another--for reasons of mobilization so long as our economy is partially mobilized and civilian objectives are dominant.

The motivation which influences workers to shift to what we might call essential industries, essential occupations, is still primarily the motivation that controls in the civilian economy--wage rates, working conditions, opportunities for advancement, satisfactory working conditions. These considerations continue to be important under partial mobilization. They don't have quite the same significance under full mobilization, particularly if under full mobilization you also introduce, as we would have to introduce, wage stabilization, price stabilization, wage and price controls, and so on.

Now let's compare the situation that confronted us just before World War II and the one we face today. Because we live so close to the times and our day-to-day activities obscure developments, we tend to forget what has been going on in this country in the past 14 years. Fourteen years is not long in the history of any nation or the economy of any people. In 1940 our gross national product--the worth of all our goods and services--was just around 100 billion dollars. In 1944, a war year, our gross national product had risen to 211 billion dollars. But now, in 1954, our annual gross national product amounts to 356 billion dollars. The dollar value of all our goods and services and of all our efforts is some 356 billion dollars, as against some 100 billion dollars in 1940. Nor does 1954 provide as favorable a comparison as does 1953. As you know, we have for some months been undergoing an economic recession.

The national security expenditure in billions of dollars in 1940 amounted to 2.2 billion dollars. In 1944 it was running close to 89 billion dollars. In 1954, at mid year, it was running just under 45

billion dollars. This annual rate for national security represents about 12.5 percent of our total goods and services.

There is another important development between 1940 and 1954 that needs to be borne in mind when we assess our manpower requirements for mobilization; that is what has been happening to new plants and equipment. In 1939--the closest I could come to 1940, we had invested about 5.5 billion dollars in new plants and equipment. In 1945, the closest I could get to a comparable 1944, we invested 8.7 billion dollars. But since 1950, each year we have been running in excess of 20 billion dollars a year and, in the last several years, it has been running 26, 27, and 28 billion dollars annually in new plants and equipment.

What is the significance of that? Well, one important factor is it makes existing plants old and obsolete very quickly. As we build new plants and equipment in, we give rise to new techniques of production and new methods of production. New skill requirements emerge. Greater importance is placed on professional and scientific skill requirements in our population.

The scale of investment in the years since 1950--and, for that matter, since World War II--is such as to expand an economy already operating in high gear. This development makes all the difference in the world, when we are assessing how we can meet manpower requirements under mobilization conditions, whether the economy is operating in high gear or at a low level.

In 1940, just before World War II, we had about 14.5 percent of our work force unemployed. We sometimes think of 1940 as a relatively good year, because we hark back to the early thirties when we had many more millions of unemployed. By 1940 we had experienced a decade of serious unemployment, surplus labor, serious decline in production, and a great amount of skill rustiness and obsolete skills. In contrast to that, at the present time we have something over 95 percent of our work force employed.

That means that we have 95 percent of our work force actively engaged in production, using its skills and its knowhow. This represents the most important resource we have for meeting manpower requirements. The major part of our manpower requirements must be met out of our employed population. That is a very basic principle. We can talk about eliminating some more unemployment. We can talk about bringing additional people into the work force. The major resource on which we must

draw to meet the manpower requirements of mobilization must come out of our employed work force.

Therefore, it is extremely important that we analyze the distribution of our employed work force, not only by sex but by industry and by occupation. I will get into that a little later if time permits.

Perhaps one or two other measures will indicate how our economy is growing. How active is our economy to meet the requirements of mobilization? The Federal Reserve Board index of industrial production, which is one of the key indicators of the state of economic well-being in this country, was in 1940 at 67--if you take 100 as par for the course, so to speak. In other words, our industrial production was running at only two-thirds of what would have been set as par for the course.

In mid-1954 it was running at 124, using that same 100 as par. So we are 25 percent above the index level that was taken in 1947 to 1949, regarded as par for the course--we are 25 percent better than that. You can see how much better our economy is now functioning than was the case in 1940, just preceding World War II. With our economy operating at a high level, we can more easily draw upon it for the requirements of mobilization.

Let us turn to a few specific key basic industries as another approach to assessing what situation would confront us in meeting the requirements for mobilization. Let us take steel capacity, the capacity for the production of steel in this country. In 1940 our capacity was just under 82 million tons a year. With all the pressure of wartime, and with the Government during World War II getting into and expanding steel production, such as the Provo Works in Utah, when the Government actually went into the steel business, we were able to step up that capacity to 94 million tons. In 1950 we were just under 100 million tons capacity in this country. Today our capacity is 124 million tons. Within a period of four years, we have stepped up our capacity to produce steel by 25 percent. This is an indication of the concern which the Government has about the need for steel. It explains the incentives which the Government provided through rapid tax amortization and other devices to expand steel production capacity. The objective is to develop a situation where we would not have to deprive our civilian population of steel in the same way as we did in World War II. You will remember that steel was not available then for automobiles, washing machines, and so on.

Primary aluminum production was something like 200 thousand tons annually in 1940. With all the requirements of World War II, and the

tremendous pressure to expand, aluminum production went up to roughly 775 thousand tons. Our present primary aluminum production is running at the annual rate of 1.5 million tons.

When I discuss these figures on production in different industries, forget for the moment the products and think about human beings producing the steel and the aluminum. You will see that these are our manpower resources and that we must rely on them to meet our requirements. It is almost axiomatic that national security is completely interdependent and interwoven with economic well-being. And an economy which is operating at high levels is most certain of meeting the needs for national security.

For example, petroleum is basic to both civilian and military needs. We were producing 1.4 billion barrels of crude petroleum in 1940. Today we are running at an annual rate of 2.4 billion barrels of crude petroleum.

Another important index is the electric output in terms of kilowatt-hours. In 1940 we estimate 180 billion kilowatt-hours of electric energy were produced in this country. Today we are running at an annual rate of 525 billion kilowatt-hours of electric energy.

Now, these indexes are indications of what has happened to our economy in a short span of 14 years. If similar comparisons were made for the period 1950 and 1954, you would be amazed by the tremendous growth that has taken place in that four-year period.

One other factor needs to be considered in assessing manpower requirements of the civilian economy for meeting mobilization needs--recent experience in research and development. In the last three or four years this country--the Government and private enterprise together--has been investing between three and four billion dollars a year in research and development. This investment is not in immediate production for turning out more goods. It is in research, which the man on the street is apt to regard as wonder-weapon research. He thinks of it as electronic gadgets and atomic energy. What people fail to realize is that there is no real line of differentiation between civilian and military in the field of research. Its ramifications extend to both. This research is both fundamental and applied research.

Research means obsolescence of plant, obsolescence of equipment, new methods of production, new sources of energy, and gives rise to

changes in the requirements of our population to meet those needs with respect to skill characteristics and composition.

I am trying to get across to you that our economy is dynamic; it's constantly changing. When I refer to 1940 and World War II as benchmarks and points of departure, I mean that you cannot be guided by that past experience alone. We must take into account what is currently taking place, what has developed since 1940 and World War II, to assess our capacity to meet the requirements of mobilization.

If we turn to a few end-product military industries, so-called munitions industries, we can see some significant changes, too, that have taken place since 1940 and World War II. For example, all of manufacturing employment--and remember that the core of our manpower requirements and the core of our skilled manpower resources are found in manufacturing--ran close to 11 million in 1940. In 1944, during World War II it was 17 million. Today we are running somewhere around 16 million. This is about 1.5 million lower than it was at the peak of 1953, which was our best year of employment.

When we analyze employment changes in manufacturing, it is important to focus attention on hard-goods manufacture, the metal working industries, as against the soft-goods industries. Any appraisal of manpower requirements should differentiate between the employment in textiles, shoes, and apparel, for example, as against the employment in machine tools, metal fabrication, iron and steel, and the processing of ferrous and nonferrous metals. These latter industries are really the hard core of our mobilization needs.

Let us review the end-product industries, the so-called war industries. For example, aircraft--in 1940 we had a little over 148 thousand people employed in aircraft. In 1944 we had 1.3 million people employed in this industry. Today we have about 804 thousand people employed in aircraft. That will show you the difference between the situation before World War II, the rise to the peak, and where aircraft employment stands in partial mobilization.

The number of people employed in aircraft is not a complete index to production. The man-hours put in, in aircraft today are different from the man-hours put in before World War II. The job has changed tremendously, with modern aircraft loaded down with electronic and other automatic features.

In shipbuilding we had about 180 thousand employees in 1940. Our shipbuilding had gone to pieces between World War I and 1940. At the height of World War II we had over 1.5 million people employed in shipbuilding. Today there are only 213 thousand people employed in shipbuilding. We are almost back to where we were in 1940. As a result this subject was seriously discussed in Congress this past session. To what extent should the Government encourage the maintenance of shipyards and employment in shipbuilding. You will recall the discussion of the needs for tankers and for providing for cargo vessels and merchant marine. Manpower mobilization requirements in shipbuilding will be dictated by war strategy. I don't profess to know anything about this subject in which you are experts.

Do we need ships in the same way we did in World War II? What about the ships in mothballs? If they are taken out of mothballs, will they provide the speed we need today? Where will the theaters of war be in the future? These are the kinds of questions that enter into the assessing of manpower requirements under mobilization. Is it therefore dangerous to allow our shipbuilding employment to be at approximately the level it was in 1940? I don't know. A number of assumed conditions or models must be established for any appraisal of requirements.

Ordnance, outside the Government's establishments--employed only 22 thousand people in 1940. During World War II we had nearly 368 thousand people employed. Today we have 167 thousand people employed in ordnance.

What about the characteristics of our manpower resources. No discussion of manpower requirements can take place without reviewing manpower resources. In fact, this is an underlying principle. Similarly an appraisal of manpower requirements and manpower resources for the civilian economy independently of the rest of the economy is incomplete. You know as well as I do that the experience of World War II, and even more likely in the warfare of the future, there will be no distinction between the civilian economy and the rest of the economy.

There is a very real question whether casualty rates will not be higher in the civilian population than they might be in the Armed Forces. The potential for destruction of both human beings and productive plant and capacity under atomic and thermonuclear warfare is beyond the comprehension of people. The notion that war was once the special prerogative of a small and select group of the population, as was the

case in the medieval days, is long out of date. Also out of date is the experience of World Wars I and II.

Essentially, there is only one manpower pool from which we take our manpower resources. Whatever the competition between the Armed Forces and the civilians, the economy depends upon that one manpower pool. The manpower pool is expansible and its outermost limit is the population itself. One might say, "We will put every man, woman and child into the war economy." If we did that in this country today, we would have 162 million people that could be drawn upon, as against 1940, when we had 132 million people.

Our total population has increased about 23 percent between 1940 and 1954. But how has it increased? This is significant for the prosecution of the war and for estimating our resources to meet requirements. Children under 14 years of age increased about 47 percent. Get that; a large element of growth in our population is the 47 percent increase between 1940 and 1954 in youngsters under 14 years of age. Obviously these do not represent an important resource to draw upon for the prosecution of a war. As a matter of fact, a hard-boiled realist would regard them as a drain on our capacity to prosecute a war.

Similarly, with regard to people 55 years of age and over, our population in the 14-year period has grown 42 percent. One of the distressing problems that confront us--which would possibly confront us less in a war, but would still be difficult is the prejudice developed in peacetime toward the older worker. As a matter of fact, our population is constantly growing older. Increasingly, the sources from which workers must be drawn are these older people. I think it is rather significant that the people who were regarded as marginal workers, as nonproductive or unproductive workers, in the depression years, were the ones who were responsible for the miracles of war production in World War II. It is important that we analyze how our population has grown and in what segments this population growth has taken place.

Important changes have likewise occurred between 1940 and 1954 in our occupational distribution. Employment of, what the Census calls, operatives and kindred workers, mainly semiskilled workers, has increased about 14 percent between 1940 and 1954. I will give you the exact figures of a number of these categories. Craftsmen, foremen, and kindred workers, chiefly skilled workers, have increased a little over 18 percent. Professional, technical, and scientific workers have increased 19 percent between 1940 and 1954. Managers, officials, and

proprietors have declined by about 16 percent. Our clerical workers have increased by 34 percent. Sales employment has held about even. Employment in domestic service categories has decreased by 22 percent. That is an index again as to how labor-saving devices, household equipment, and new techniques of production have reduced our need to rely on this particular category of workers.

Our analysis of the manpower situation must recognize that our economy is operating at a high level, and that a very large proportion of our employed population is in manufacturing--much of it in hard-goods manufacture. We have also brought an increasing number of women into the work force over the years. The attitude toward the woman worker is vastly different today than it was at the beginning of World War II.

In the final analysis, most of our requirements will be met by conversion taking place in the plant where the people are employed--the automobile plant that turns to the production of tanks or to the assembly of aircraft represents a conversion in production, using the same plant facility and using largely by a change, the same workers. That is how most of the requirements will be met, and most easily met.

When our requirements are such that they cannot be met that way, we are confronted with a number of difficult problems. One of them is training. A great deal of mythology surrounds the training of production workers. In normal peacetime pursuits we are inclined to think that a skilled worker is an individual who might require three or four years of training apprenticeship before he is fully equipped and developed as an all-round skilled worker. That point of view can be justified under peacetime conditions.

Under wartime conditions, we cannot think in terms of three or four years of development of needed skills when they are lacking. We have learned how to step up training. We have learned how to break down jobs. These are important ways in which we meet requirements. We can take an all-round skilled-worker job and break it down into its component parts, its various tasks. Each of the tasks does not require an all-round skill; some of them require semiskilled workers and sometimes only unskilled workers. This was commonly referred to in World War II as job dilution.

That is how we got shipbuilders on the west coast during World War II. We didn't have enough shipfitters and shipwrights. We hadn't had those people for 20 years in this country. We developed bits and

pieces of shipwrights and shipfitters by breaking down the job. That is how we built our camps and cantonments in the first years of World War II. We didn't have enough all-round skilled carpenters, but we had hammermen and sawmen who could saw along a line drawn by a skilled carpenter.

Another way in which we expand resources to meet requirements is by addition to the hours of work. For example, at the present time we are operating just under 40 hours a week through industry generally--about 39.7 hours a week in manufacturing. In World War II we actually achieved just over 45 hours a week in manufacturing. We had a scheduled 48-hour workweek during the war.

There are limits to which we can expand or increase hours of work without running into the danger of cutting down on production and output per worker--dangers of increased absenteeism, increased turnover, and so on. But there is a tremendous expansibility in work force between 40 and 45 hours and the scheduled 48-hour workweek.

The most important manpower resource on which we must draw is women. At the present time we have about 5.5 percent of the female work force unemployed. Close to 95 percent of the female work force is employed which is about one-third of the female population. There are close to 40 million women who are not in the labor force, but about 35 million of these are keeping house. Certain very real problems arise when we take women out of the households into the war plants. There are problems of absenteeism, juvenile delinquency, the care of youngsters, and so on.

We can also expand our work force from our retired workers. We can reduce specifications with respect to physically handicapped workers. We can break down some of the prejudices with regard to race and color that limit the use of workers. We made progress along those lines in wartime.

The major gain out of our experience of World War II is the recognition that manpower resources are not to be taken for granted. They represent our most precious and valuable resource in the prosecution of a war. The depression years led us to take manpower for granted. We just assumed people would always be available when they were needed. We could see them flocking around the gates of the plants looking for jobs. That situation changed drastically during World War II, as we began bringing women into the plants and as we began to reduce our rigid specifications.

Numbers of people alone do not provide the answer in assessing how we meet manpower requirements. It is skill and know-how that represent the true index of our capacity to meet requirements under conditions of mobilization. We are outnumbered by the Russians and by the Chinese; we are outnumbered if you sum up the satellite countries. Our strength lies in the ability of our people to work with an advanced technology and to outproduce, man for man. This means that skill is at the heart of manpower requirements.

I have talked today about the ability to dilute jobs and our ability to bring in unskilled and semiskilled workers. That is all true. Yet there comes a time when one key worker may be the bottleneck to the hiring of some 50 semiskilled workers and 150 unskilled workers. Lacking that one all-round skilled worker, we cannot hire the other semiskilled workers and unskilled workers. The need for that one man becomes crucial. Therefore, the problem of training, of promotion and advancement and utilization of our people at their highest skills is not just an academic concept of good management and personnel relations. It is crucial to national security. Unfortunately, we cannot stockpile human beings like we can stockpile steel or aluminum. People, when they develop skills at a higher level, want to use them. We cannot ask people to develop those skills and stand by and wait for a period of mobilization. Skills become rusty and obsolete; then the people become dissatisfied.

We have not yet licked the problem of how to develop training in peacetime, and under partial mobilization, to meet the needs of full mobilization. The test really lies in private enterprise. In World War II we had a quite different problem than confronts us today. In World War II we had millions of unemployed people who were anxious to go into training--who were anxious to take jobs anywhere and almost any kind of job. Most of the training that we engaged in during World War II was out-of-plant training, refresher training to overcome skill rustiness. There we had some problems with vocational training in woodworking, when there was no woodworking in the area.

Today we do not have the same need for out-of-plant training. Today the answer lies in, in-plant training and on-the-job training. The problem is how to develop high skills in a person and still not make use of the skill because the economy can't use it at the particular time. This problem we have not licked.

We cannot take for granted mobility of our work force as I have indicated earlier. Prior to World War II, with lots of unemployment, our people were mobile. In a period such as we are currently experiencing, and have been experiencing since World War II, we have lost a great deal of the mobility of our work force. Let me just cite a few of the factors which tend to make our work force more rigid and which tend to reduce mobility. The growth, for example, of labor organization and the collective bargaining of seniority and pension rights create a sense of attachment to the industry, to the plant, or to the occupation. They represent a capital investment on the part of the workman that he does not wish to give up very easily. There has been a tremendous expansion in seniority and attachment to the job by reason of pension rights and retirement rights.

The growth of homeownership introduces a rigidity in the work force which is reflected in rootedness in our communities, ties to the church, the school, and the family. That is what I meant when I said in the beginning that you cannot separate the human being from the economic resource he brings to mobilization. The very fact that a man is on a job reduces his mobility or shiftability. When he is without a job he is willing to go some distance to where a job may be, but when he is with a job the problem of getting him to go to some other job at a distance, or to some other industry or occupation, becomes more difficult. Despite the fact that our economy is operating at high levels and that we have been developing, by and large, skill and know-how, and a good deal of productive capacity, our task of bringing the right people to the right jobs at the right times in accordance with the needs of mobilization is likely to be greater rather than less in a period of future mobilization.

It is also important to take a look at the machinery and the organization that we have in this country for achieving this task of meeting the requirements under conditions of mobilization. By and large, the only machinery we have in this country, beyond that which exists in private enterprise for mobilizing manpower, for assessing manpower supply and manpower requirements, for trying to bring about better balance in our labor markets, is the public employment service. The public employment service in this country is a Federal-State system. The employment offices are operated by the State Governments and the employees are state employees. The administrative financing is entirely Federal--100 percent of the costs of operating the offices. These offices are expected to conform with certain standards and policies established by the Federal Government.

One of the questions that arises is the responsibility of Federal versus State Government. Great debate goes on, on that question in our Government--where should authority reside? Is there an overconcentration and centralization in the Federal Government? Should we turn certain powers and authority back to the states, and even local communities?

This is a very real problem in manpower under conditions of mobilization. I don't know whether the next war will permit any time to debate about where the authority should reside and what should be the proper division of responsibility and jurisdiction between the Federal Government and the State and local government.

I am talking about civilian manpower. There will be no question about it on military manpower. Increasingly we have attempted, particularly since Korea, with partial mobilization, to introduce in the state and local areas the nucleus of manpower machinery which we can draw upon and expand under conditions of full mobilization. One of the most important elements of that manpower machinery is the local area Management-Labor Committee.

I started at the outset with the proposition that we are operating in a democracy where the dignity of the individual is important, where individual initiative is important. This means, therefore, that we are dependent upon the acceptance and the support of management and labor to achieve the manpower requirements of mobilization. It is necessary to have an informed management and an informed labor. With partial mobilization it was developed again; we revived machinery similar to that used in World War II. We are now keeping management-labor committees on a standby basis. We bring representatives of management and labor in local areas together and discuss with them the additional kinds of labor needed, the characteristics of the labor supply, and the trends in employment levels that have taken place in those areas, pointing out the need for the utilization of labor and skill.

We have also asked that the state officials take on some of the responsibilities we might have to exercise under mobilization conditions. We want them to think beyond the day-to-day routine of a job applicant and a job order, and to analyze the interrelationships of the labor market as a whole. You must remember that the manpower operation--and this again is very fundamental--takes place in the local labor market and it is the individual plant that manpower success must be tested. People seek jobs in the local communities--not in Washington and not in their

State Capital. The degree to which we focus attention on the manpower machinery in our local labor markets is all important. We need the understanding of our people in local labor markets, the local leaders in civic and social affairs, and in management and labor. Only in this way can we really get the support and the cooperation that is of basic importance to meeting manpower requirements under mobilization conditions.

You may think that I have carefully avoided one of the crucial questions that constantly arises when we discuss manpower requirements. Is it reasonable under mobilization conditions to talk about individual decisions, about people deciding for themselves whether they will go into war plants or remain in so-called less essential activities? War conditions give rise to an entirely different set of circumstances. Should the individual have that kind of decision to make? What about the question of voluntary versus involuntary manpower allocation, distribution, and assignment?

This question has not been fully resolved. It is a matter of considerable and constant discussion. At the present moment I think it is fair to say that management and labor are in complete agreement--they do not want compulsory assignment of civilian manpower. They are opposed to the national service program for manpower operated in Great Britain during World War II. They prefer to rely on other means to achieve the proper distribution and allocation of civilian manpower to meet the needs of war.

What are these other means? One that is given considerable stress is an informed people. They believe that a democracy succeeds or fails finally upon the degree to which its people understand the objectives of its government and wholeheartedly support those objectives. Therefore, the people must know what is needed of them; where it is needed; under what circumstances; how many and in what skills. It is believed that the people will respond to such information. Reliance is placed on moral suasion on this appeal to patriotism. There is the feeling that under full mobilization there is a singleness of purpose in our people which will bring about the manpower allocation that should take place.

They want to rely on a number of indirect means of bringing about transfer and shifts of workers into needed occupations and industries. For example, if you shut off materials so they can no longer work on less essential products, manpower will be diverted to essential work.

Here again is a very real question--will these indirect measures work quickly enough to bring about the proper allocation in terms of timing? There is also a great deal of concern about whether future mobilization will permit the kind of education--the time involved in understanding how to make the shifts, that we had in the past.

We cannot forget that the Armed Forces required about four and a half years, between 1940 and 1945 to grow from some 800,000 to nearly 12.5 million net strength. That 12.5 million net strength meant that several million more men had to be brought into the process. Warfare in the past was carried on far from our shores and involved very little of our civilian population. Under conditions of the future, can we count on that kind of situation? Many people are pretty well agreed that we can't. War will be brought to us at home. Moreover, time will be even more crucial in the future.

What are the conditions that will confront us under those circumstances? Can we rely on voluntary manpower measures, even though management and labor be fully cooperative and fully understanding and working hand in hand with the manpower officials of Government to prosecute the war? This is a major area of concern. I say it has not been resolved. At the moment I think it is fair to say that the notion is that we will rely upon voluntary manpower measures.

Let me say to you that national service legislation does not eliminate the need for voluntarism. The British, who had national service legislation and authority to conscript civilians and place them in civilian jobs as they saw fit, nevertheless relied primarily on voluntary measures. When they needed coal miners during the war, they obtained them by furloughing soldiers from North Africa that were badly needed there. Why didn't they take women from the textile plants and put them in the coal mines? They would not have produced any coal.

In the final analysis, in a democracy, if the people are not completely in agreement with the objectives, national service is no automatic assurance that the manpower will be where it is needed. Refusal to work in war plants may lead to the alternative of jail--but nobody has ever produced much in jails. We cannot ignore the fact that, even under national service, a government is compelled to rely on moral suasion of the individual. The housewife, for example, cannot work in a war plant unless arrangements are somehow made to take care of her children. That is done on a voluntary cooperative basis, rather than by holding a club over her head.

Again the principle emerges that we cannot separate the human resource from the economic resource that the person brings to the mobilization effort.

I will leave the rest of the time for discussion and for any questions you wish to ask on this subject.

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

QUESTION: Doctor, when you mention management-labor committees, what is the motivating force behind that? Is it the Federal Government? If so, who in the Labor Department is the motivating force? I didn't quite get what the motivating force was, or the authoritative source.

DR. LEVINE: The motivating force is the Labor Department, and specifically the Bureau of Employment Security, which is concerned with unemployment insurance and the state employment service agency is affiliated with the United States Employment Service. That bureau has a manual and a 5-foot shelf of books on procedures, operations, policies, and requirements. In those we specify the arrangements, for example, of management-labor committees, for the local office manager to proceed with those groups and for area manpower directors, and for the state director of the employment service to deal with manpower. We have, in addition to the Management-Labor Committee, another committee which we use in partial mobilization and again in full mobilization. That is a Government interagency regional defense manpower committee.

One of the problems that emerges in local areas is the problem of manpower priorities related to production urgency--this was a problem in World War II and would be again. In such instances Government agencies must provide the guidance. The interagency committee, which handles production urgencies, provides the information which in turn is taken up with the management-labor committees.

QUESTION: In the first half of your talk you came to this conclusion-- that it would be criminal for any government not to sponsor an actively full employment in an economy operating at a high level.

DR. LEVINE: I am so convinced of that that I could not qualify it or have any reservation about it. It seems to me that full employment, full utilization of our manpower resource, reflected in an economy operating at high level, is the first requisite, our major resource, that

we have to draw on to meet the requirements of mobilization. Mobilization requirements can be met from a full economy on a much easier basis than when the economy is operating at less than capacity.

QUESTION: Dr. Levine, I appreciate the merit of your comments on the voluntary movement of workers from job to job in the event of full mobilization; but I am wondering if any consideration has been given to the mandatory use of the Federal employment agencies for the placement of new workers coming into the labor pool in wartime--not only to put them in places where they would do the most good and where they are most needed, but also where they have the greatest skill to produce.

DR. LEVINE: Yes, considerable thought has been given to not only the new workers but the workers actually employed. When I said we might not rely on direct assignment of an individual to a specific job, I meant there are indirect ways of channeling workers. For example, if a worker quits his job, he may not be hired by another employer unless that employer is designated as an essential employer. Control is exercised on the employing establishment rather than on the individual worker. This will be equally true with respect to new workers coming into the labor market in certain kinds of work where the employers would be given employment ceilings. Employment ceilings might be given in less essential industries which are lower than the current level of employment and they might not be able to replace the work force there. More essential employers would be given a higher employment ceiling. Workers would have to go to those who need employees. You would allocate the worker without telling him that this is the particular job on which he must go to work.

QUESTION: You mentioned something about machinery for meeting these manpower requirements and identified the public employment service. Are there other agencies doing something in the way of planning?

DR. LEVINE: Yes. I was speaking specifically of machinery dealing with job placing functions and of channeling workers. One of the most important agencies is an agency concerned with training. We have the Apprentice Training Bureau, for example, in the Department of Labor. We have over in the Office of Education resources and facilities with respect to educational facilities that could be used to contribute to the training of workers. This would have to be drawn in. Similarly, when in the area of professional and scientific personnel, the professional and scientific organizations are assigned responsibilities. That is necessary with respect to procurement and assignment of medical personnel and nurses. The same thing is true of the physical sciences.

There are many agencies that can contribute. I was thinking of production workers in the war plants.

There was one thing I did not mention in my talk that I feel needs to be brought out at this time. In World War II one of our first problems-- and it even preceded production--was construction; the construction of camps and cantonments, the construction of housing, and the construction of new plants. With the tremendous investment in plant and equipment that we have had in the postwar years, and particularly in the last four years, construction is not likely one of the major sources of labor demand. We would be able to swing into production more quickly. However, to swing into production, one of the first things to be taken into account is the fact that it is easier to bring work to where the workers are than to expect that the workers will go where you locate the work. If you expect workers to move to some work site where workers are not available, you need to figure that there will be problems of housing, schools, roads, sewers, and so on, all of which deter manpower from the actual job of production.

In the first instance we will probably rely on the utilization of existing plants in the localities where labor is available, and rely on the manpower resources in those plants and go to the others only as we would have to resort to them.

QUESTION: Dr. Levine, I have a two-part question. The first is concerning the existing policy, that of voluntary decision instead of the draft of labor was in 1951. I just wanted to be sure that this is still the policy. Is there any divorce now from that policy. The second part of the question: As I understand it, the Office of Defense Mobilization (ODM) is the key focal point in policy determination or proposals to the President, and there are several, I think I have noted four, agencies which are involved in that area--your Bureau, Selective Service, the Employment Service, and one other. Would you give us some idea of how these get together and feed the ODM with the information needed for policy guidance.

DR. LEVINE: In my remarks I limited myself to manpower directly. But I have said earlier in my remarks that you cannot consider manpower independently of all the other resources. It is the responsibility of the ODM to bring about the coordination of the various Government agencies concerned with these resources. They have meetings of committees and so on, on which the various Government agencies are represented--not only manpower, but material allocation, material control, production objectives, stockpiling of strategic materials.

The Department of Labor and Selective Service deal with manpower. I might talk at some length on Selective Service if we were considering military manpower requirements. It provides one of the most important means of getting manpower where you want it, under voluntary conditions, as another indirect measure. All these agencies bring the data and experience that are constantly evolving in the manpower field to this central group in the ODM. They discuss what is happening to supply, to population groups, and to employment and unemployment. From that we receive indications as to what methods might be used in the various agencies whose programs can contribute to this.

I will cite one illustration. It is not important, but it indicates a principle that becomes very important in mobilization. We have a policy for Government procurement, insofar as we can, within the limits of peacetime arrangements and bidding in competition, to award contracts to areas of labor surplus. That sounds like our primary concern is with the unemployed. The basic principle in the mobilization however is to bring work to where the workers are. The Department of Labor requires my Bureau to receive reports from all over the Nation--to get from every labor market area, every two months, reports on labor supply, requirements, unemployment trends. We analyze those reports in Washington and classify labor market areas according to the degree of labor supply. That information is given to ODM. ODM in turn provides it to the contract and procurement officers. Such procurement is not important when defense expenditures are declining and the volume that goes to labor surplus areas is small. But the principle must be kept alive. Under wartime conditions this becomes terribly important. Under conditions of a very tight labor market, when we are supposedly scraping the manpower barrel, procurement allocation on the basis of labor supply has great significance.

Scranton, Pennsylvania, is an illustration. It was always an excess labor supply. If we could have put business in there, it would have been better to put it there than to put it in a congested area which has lots of turnover and migration, people leaving the job and all sorts of things.

CAPTAIN REEVES: Dr. Levine, I am sorry that this is all the time we have. Speaking for the staff and faculty, I certainly thank you for your time and effort and your discussion today.

DR. LEVINE: I appreciate the chance to be here.

(7 Dec 1954--750)S/gmh