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Labour Redistribution for War Industry[1]

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STATEMENT OF THE PROBLEM

MOBILISATION for total war requires the effective use of all human resources to meet the needs of war industry. This means putting to work idle labour resources to replace those withdrawn for military service, thus raising to the maximum the total amount of labour available, and also developing, improving, or adapting working skills by means of training and retraining. Finally, it involves allocating workers to the jobs in which each can render his best services. The present article is concerned with the last problem.

The war economy must satisfy the needs of industries which are engaged, directly or indirectly, in supplying, equipping, and training the armed forces, meeting the vital requirements of the civilian population, and maintaining the export trade, in so far as exports are a necessary part of the war economy as a whole. Of the workers available for these purposes, one group belongs to industries which already produce, or can be converted to produce, essential goods or services; the remainder are engaged in non-essential activity. There is no barrier between these two groups in a free economy. In time of war, however, transfers from one category to another must be made in one direction only: workers in non-essential industries must be moved to essential industries, but those in essential industries must remain where they are. Within the field of essential activity, some workers are already employed on jobs which correspond to their skills and in which their services are indispensable; others may be employed more

[1] Report submitted to the fourth Canadian-United States Tripartite Meeting on war labour problems, held in Montreal on 28 February 1942 (see below, p. 414). The other report submitted to the meeting, on "Wartime Redistribution of Labour in Great Britain", will be published shortly in the series of *Studies and Reports*.

effectively elsewhere. In a war economy, the mobility of the first group must be limited, and the transfer of those in the second group to employment where they can be more useful must be encouraged and organised.

The first object of labour redistribution policy in wartime is, therefore, to control the movement of workers from one industry or occupation to another in such a way as to prevent undesirable transfers, and to direct workers displaced in the course of the adaptation of production to war needs towards the industries and occupations which must be given priority.

To the extent to which the supply of labour obtained in this way is insufficient to fill the requirements of essential industry, direct action is necessary to take workers from the employment in which they are engaged and to transfer them to other jobs. The policy of labour redistribution thus acquires a further object: to organise the release of workers from non-essential industry and their transfer to essential industry. Parallel with this, the utilisation of the labour made available to essential industry must be watched, and arrangements must be made for shifting those whose contribution to the war effort might be greater in another occupation or undertaking.

The organised redistribution of labour raises a host of social problems. If these are not dealt with effectively, they constitute serious obstacles to labour mobility and threaten, by fomenting discontent, to nullify the benefits to war production anticipated from the transfer of workers. Efforts to solve these problems are thus an integral part of labour supply policy and a necessary condition for the successful redistribution of labour.

Finally, the establishment of controls over the movement of labour, the organisation of transference, and the solution of the social problems connected with labour redistribution, require the building up of efficient administrative machinery, which will function in close and direct collaboration with the groups affected—employers and workers.

The problems to be analysed below are thus as follows:

(1) The control to be exercised over the movement of workers to prevent transfers which would be contrary to the needs of the war economy or to direct workers to war employments given priority.

(2) The organised redistribution of workers needed to meet the requirements of war industries.

(3) The solution of the social problems connected with the redistribution of labour.

(4) The administrative organisation required for labour re-

distribution; and the part to be played in it by freely chosen representatives of employers and workers.

Control and Direction of the Movement of Labour

At all times, the normal play of the employment market tends to create a movement of workers conforming to the needs of the economy. Employers in need of labour try to attract workers from plants, by offering them various inducements, such as higher wages, and by active recruiting operations. Workers in regions, industries, or occupations in which circumstances have lessened opportunities for profitable employment are tempted to seek or to accept a change of work.

In the abnormal conditions of a developing war economy, the weight of these factors is tremendously increased. Under the pressure of delivery deadlines or faced with prospects of additional contracts, employers redouble their efforts to procure the necessary labour force. At the same time, the loss or restriction of foreign markets, changes in the structure and volume of internal consumption, and difficulties in obtaining raw materials, displace or threaten to displace large numbers of workers who can then find steady employment only by changing their industry or occupation. Other workers, though their position is not threatened, try to improve their conditions by seeking employment where their skills are more fully utilised, by taking further training in order to get better jobs, or by going to factories where longer hours of work provide added opportunities for financial gain.

To these more or less normal factors, special war conditions may add others. Thus, for example, when certain categories of labour employed in essential undertakings are exempted from military service, workers employed in the same occupations in other factories may be tempted to seek employment in the essential undertakings in order to obtain the benefits of exemption. On the other hand, the desire to contribute to the national defence is also a motive which impels employed workers to look for jobs in undertakings engaged directly in war production.

On the whole, labour mobility is thus considerably increased in time of war; and, on the whole, this mobility tends to work to the advantage of essential industry. Nevertheless, the movement of labour produced by these various forces is far from always coinciding with the interests and needs of the war economy. In some cases it is disorderly and excessive; in others it is insufficient.

In the first place, employers' recruiting campaigns may cause large numbers of workers to leave their employment and their homes prematurely, and to congregate, along with those still unem-

ployed, in industrial centres where they hope to obtain war work; failing to find it and disillusioned by waiting, they move on from one region to another, often without finding any work whatever.

Secondly, the desire for a change of employment or occupation tends to be particularly strong where the possibilities of gain are relatively small, conditions of work unattractive, and living conditions disagreeable. This threatens to create a shortage of labour in certain sectors of production which are of vital importance in the war economy — agriculture and mining, for example.

Thirdly, even when these migrations do not cause unemployment and though they may be carried out at the expense of non-essential industry, the workers involved do not necessarily move towards essential industries and occupations. Non-essential plants take an active part in labour competition. Many of them, in so far as they do not depend on strategic materials in short supply, wish to retain or increase their labour force in order to be able to expand operations to meet the increased demand for their products stimulated by the expansion of economic activity generally. They thus come into rivalry with essential industry. They may even be in a more favourable competitive position than undertakings which have not at first been adequately supplied with contracts or have not yet been able to convert their facilities for full participation in the war effort and have consequently been deprived of raw materials or parts by priorities or rationing.

Finally, the growing shortage of certain types of workers, especially of skilled workers, whose supply is relatively inelastic, leads to competition for key workers between essential and non-essential undertakings and among the various essential plants as well. Employers' efforts to recruit trained men by offers of higher wages and other advantages no longer bring a spontaneous flow of additional labour to essential industries, but instead cause high labour turnover, thereby lowering the output of each plant.

In order to avoid undesirable movements of labour, various methods of control are necessary: haphazard movements of workers in search of employment must be prevented; certain branches of production must be safeguarded against depletion of their labour force; essential industries must be protected against the competition of non-essential industries; and competition among essential plants must be limited so as to reserve for or to allocate to each plant the workers needed for its operation. The methods of control most frequently used are to prohibit or restrict advertising, to regulate engagements, and to limit the right of employers to dismiss their workers and of workers to leave their jobs. Steps taken to control wages may also aim at stabilising employment by pre-

venting employers from using one of their principal means of competition. And even when wage control is not introduced for this purpose but within the general framework of anti-inflation policy, it may indirectly come to the same result. If the repercussions on the employment market have not been fully considered, however, the result may be prejudicial to the rational distribution of labour. Thus, wage control which, linked with price control, applies only to essential industries because of the more pronounced inflationary tendencies in these industries would doubtless prevent a spiralling of wages and prices; but, from the point of view of employment, it would result in depriving essential undertakings of their means of defence against non-essential undertakings. The latter, still uncontrolled, would remain free to raise their wages above the maximum prescribed for essential industries.

The various methods used to control employment have already been described in sufficient detail to make repetition here unnecessary.[1] They are only indirectly related to the problem of labour redistribution. Their aim is neither to provoke nor to organise needed transfers of workers; it is merely to prevent undesirable transference. They therefore have a negative bearing on the problem, but they are nevertheless an indispensable condition for an orderly movement of workers from one employment to another. It would be useless to redistribute labour resources in accordance with the needs of essential industries unless the forces operating in the opposite direction were checked. This policy would be like pouring water into a sieve or trying to maintain two different levels of water between two communicating reservoirs.

Aside from these measures, the war economy itself may be accompanied, in the absence of precautions, by factors which will hamper its development. Thus the distribution of contracts among only the large undertakings which are capable of bidding for them and the traditional procedure of allocating contracts to the lowest bidder may lead to the expansion of some plants but to the closing down of others which could contribute to the common effort if contracts were properly spread over the industrial structure. These plants will be forced to dismiss their workers, whose transfer will not only be costly but will inflict much hardship. The imposition of priorities on raw materials may lead to equally unfortunate results by excluding undertakings which might be able to convert their facilities to war production after a short period.

In the interests of the war economy as a whole and of the workers affected, efficient administrative organisation is necessary

[1] INTERNATIONAL LABOUR OFFICE: *Labour Supply and National Defence*, Studies and Reports, Series C, No. 23 (Montreal, 1941).

to make full use of all existing productive capacity, leaving production units intact and utilising on the spot, wherever possible, the equipment and labour capable of contributing to war production. The plants forced to close down or to curtail operations must be examined with a view to realising their full potentialities for war production either by a systematic extension of sub-contracting and farming out operations to smaller or more specialised workshops, or by making more flexible the rules governing the allocation of contracts, or by conversion of plant facilities to specific war needs.

The transition to a war economy can scarcely be made, however, without a temporary reduction in activity in plants which can be used for war production; but it is necessary, in the future interests of such production, to prevent unemployment among the workers or their transfer to other occupations, which would disperse the labour force and cause enormous difficulties when the undertakings are in a position to fill defence orders. The authorities responsible for the war production programme and familiar with future needs should, as a matter of prudence, negotiate in advance with the representatives of labour and management in the plants where operations are temporarily restricted but where the facilities can, if necessary, be used or converted for war production. The aim of these negotiations should be to find ways to maintain the link between the workers and the plant and, where necessary, to arrange for retraining the workers while productive activity is suspended. During this period, it is often essential to provide special emergency assistance for the workers affected, in order to prevent them from drifting away to other industries or areas in search of a livelihood. Finally, arrangements must be made, in consultation with employers and workers, for those workers who can no longer be kept on in converted establishments and for whom other useful employment must be found as quickly as possible.

While there are instances where the transition to all-out war production may lead to unnecessary dismissals and transfers, there are a number of others in which a reduction in the labour force of establishments is in the best interests of the war economy because of the non-essential character of their activity. In order that this reduction of staff may meet the needs of war industries, however, the displaced workers must be effectively directed towards employment in those industries. A first prerequisite for this is the existence of a network of employment offices, co-ordinated on a regional and national level, in possession of full information on labour supply and demand, and capable, therefore, of filling as

many jobs as possible without transferring workers from one area or occupation to another, and then of organising the transfers which still remain necessary. As a second prerequisite, the employment service must be given the powers needed to prevent workers released by the reduction of non-essential activity from going to other non-essential work although they may be needed to fill vacancies in essential industries. This is of special importance when the intention is to shift workers with scarce skills from non-essential to essential work.

No matter how perfect the systems of placement, of transfer and vocational retraining for workers displaced from non-essential industry, there is no guarantee that the spontaneous and involuntary flow of resources will always coincide with the needs to be met. In fact, in the first phase of development of the war economy, it will tend to exceed the needs. The inevitable dislocations resulting from the outbreak of hostilities create a surplus of labour in certain industries before the conversion of plant facilities for defence makes possible the expansion of the labour force of war industries. In order to prevent an increase in unemployment at a particularly inopportune moment, the authorities may attempt to encourage the undertakings affected to retain as many workers as possible—by introducing, for example, a system of short time. But later, as recruitment for the armed forces increases, and as the plants which have been expanded, converted, or newly built for war needs begin to enter the stage of mass production, the lack of correlation between the demand for and supply of labour is reversed. The reserves of the unemployed rapidly become exhausted, the latent labour reserves in the population begin to be drawn upon more vigorously, and the need for redistributing employed labour becomes increasingly urgent. To the extent that the forces which tend to bring about this redistribution more or less automatically are not strong enough to meet the needs of essential industries, direct measures of organisation are necessary to take workers from their jobs and to transfer them into other jobs where they are needed for war production.

Organised Redistribution of Labour

The organisation of labour redistribution differs from the establishment of controls over the movement of labour in one major respect. It is not merely an attempt to keep workers in essential employment or to direct towards such employment workers released by the general development of the war economy. It is an effort to find among workers in employment those who, because of their skill, the relative importance of their work, and their

personal position, could most easily be taken from their jobs and transferred to other jobs, which must be filled.

To organise these transfers on a large scale, the authorities must be given broad powers to secure compliance both from the employers from whom workers are taken and from the workers asked to transfer. The exercise of these powers alone does not ensure success, however. Mere compulsion is apt to generate discontent. All transference of labour should therefore be preceded by a whole-hearted endeavour to obtain the agreement of the employers and workers affected. The authorities may explain to them the need for the transference and determine with them the conditions on which the transfers can be made so as to cause the least possible inconvenience to both groups. Where representative organisations of employers and workers exist, their collaboration with the authorities will be of great help because, possessing the confidence of their members as they do, they can bring to attention all the factors that have to be taken into account and make the measures decided upon more acceptable and better adapted to the concrete needs of the situation. Nevertheless, compulsory powers are often indispensable as a last resort in order to prevent a few individuals from obstructing a policy which, to be acceptable, must be equally applicable to all.

The conditions in which transfers of workers must be organised vary considerably. In one case, they may be necessary to fill vacancies requiring specialised qualifications; in another, to route from non-essential to essential work the large numbers of workers of all kinds who are needed for mass production in essential industries; in still another, to organise the full utilisation of the labour force of war industries. In each case, the organisation of transference calls for special arrangements, within the frame of the Government's power to control labour distribution, which will take full account of the divergent interests of the employers and workers affected.

Transfer of Individual Workers with Special Skills

The shortage of labour caused by military recruitment and the expansion of war production is most acute, in the first instance, in the higher categories of skill. Despite any arrangements made for allocating labour between industry and the armed forces, a decrease in the skilled labour supply left for industry is inevitable. Modern armies need, for operating and repairing their equipment, large numbers of workers having the same skills as those who made the equipment. Moreover, during the first stage of the war production programme, there is a great increase in the demand for skilled

workers, foremen, and technicians, for preparing blueprints, research, reorganising plant operations and job analysis, constructing new plants, and forming the cadres into which new and less skilled workers can gradually be fitted. Finally, the supply of highly skilled workers is particularly inelastic because of the length of time required for their training.

In order to meet these special needs, some redistribution of employed labour may be necessary at an early stage, even while the general reserve of unemployment remains at a high level. Workers who may be moved with advantage are those employed either in non-essential or essential industries and who have the appropriate skills but are doing work which does not require their full capacity. Many workers were forced during the depression to take other work than that for which they were trained. Those who were thus forced to transfer to less skilled work will, as a rule, come forward voluntarily, ready to go back to their previous occupations. But if a return to their old work does not mean appreciable improvement in their status or means a relatively long period of retraining or conversion of skill, voluntary offers to transfer cannot be relied upon. It is then necessary to search for candidates for transference, and to supplement the information of the employment offices in regard to the present employment of workers by details concerning their past experience.

Moreover, a systematic investigation must be made with a view to combing out of non-essential industries workers whose skills are fully used but whose transfer must be arranged to meet the needs of essential industries. In this connection, those with skill which can be converted for war jobs with a brief period of training will be almost as useful as those with the precise skill required.

Finally, an inspection of the actual utilisation of skilled workers and technicians already employed in essential undertakings may unearth some who are employed only part-time on work requiring their full skill or others who could be released by a more rational organisation of work and by entrusting operations, where possible and necessary, to less skilled workers. This process of dilution may diminish the demand for skilled labour in newly built or expanded plants; in others, where output has remained stationary or decreased, it may disclose hidden reserves of skill over and above the actual needs of those plants. On this basis, workers in excess of immediate needs may be redistributed, and by establishing a better balance in the composition of the labour force of similar types of establishments, a nucleus quota of skilled workers needed to start up production in new factories may be assembled.

Redistribution of labour along these lines clearly demands highly-developed administrative organisation. The skill of transferable workers is only one of the elements that have to be considered. The principal task is to investigate the relation between the skill of the worker and the work which he is doing, and the composition of the labour force of the plant. There is a need for labour supply officers equipped with practical knowledge of industry and with the necessary powers to carry out an inspection of the use of labour supply in each plant. To facilitate this work, the employment offices should keep current data regarding the composition of the labour force in the different establishments in their areas so that, by comparison of like plants, the labour supply officers may be put on the trail of reserves of skill. At the same time, the officers should work closely with the production officers of the supply departments, who can provide information on the present and future programme planned for the various plants.

When the employment of skilled workers is governed by trade union regulations, the dilution of skilled labour, along with its redistribution, calls for prior consultations with the trade unions and employers who determine the extent, methods, and conditions of dilution. Regulations relating to apprenticeship (such as those fixing the maximum proportion of apprentices to journeymen in any one plant) should also be adapted, where necessary, to new conditions, in consultation with representatives of the employers' and workers' organisations concerned, so as to prevent the number of apprentices from being reduced in plants from which skilled workers are removed or to organise the transfer of apprentices from one plant to another.

Even in the absence of any such regulations, all available resources and apprenticeship facilities must be utilised in organising the dilution and redistribution of skilled labour. The arrangements made should be carried out in agreement with the employers and workers affected in order to ensure (*a*) that transfers remain within the limits required by the situation, (*b*) that they impose on all the various establishments sacrifices corresponding to the relative urgency of their needs, and (*c*) that they do not interfere with vocational training in workshops where the cadres of skilled workers are displaced.

Large-Scale Transfer of Labour from Non-Essential to Essential Work

All the above types of transfer have one thing in common. The job to be filled requires special skill, and only workers who have or used to have that skill or a related skill can be placed in the job, either at once or after a relatively short period of retrain-

ing. Each transfer thus has a distinctly individual character. It is the special skill of the worker which, taking into account the relative importance of the work which he is doing and that which he might do elsewhere, is the basic criterion of selection for transfer —although his personal position must also be considered in determining which of several workers with an equal degree of skill may most easily be transferred.

The situation is fundamentally changed, however, when the munitions plants are ready for all-out production and thousands of relatively unskilled job vacancies in essential industries must be filled. The qualitative problem is at once subordinated to the quantitative problem. Essential industries must be assured of the steady stream of workers who, with a small amount of training, will be able to fill the open jobs. The unemployed, little affected by the demand for labour up to this point, can now all be considered as possible candidates for the vacant jobs. The latent reserves of the population begin to be called upon to make an effective contribution to war production. In addition, non-essential industries still contain considerable labour resources which must be transferred to essential industry in an orderly manner, parallel with the mobilisation of other resources.

As was mentioned before, the development of the war economy automatically causes a flow of labour from non-essential to essential industry, which, in the first stage of the war production programme, tends to exceed actual needs and possibilities for transfer. At this stage, therefore, the authorities strive to stem the tide of defence unemployment by holding in non-essential industry the maximum number of workers who cannot yet be placed in other jobs. As soon as the expansion of war production creates a demand for labour which cannot be met by drawing on the unemployed and by voluntary transference, the whole problem is reversed. Full use of labour resources for defence requires a gradual reduction in the labour force of civilian industries down to the basic minimum of the "essentials" needed for the population. Along with this reduction, however, positive action is necessary to draw from the industries in question the workers who were deliberately encouraged to remain in their employment as long as possible, and to place them in war production. This process differs from the release and re-employment of labour displaced in the first phase of the production programme, because the authorities are now in a position to control the timing of the flow of labour from non-essential industries, and to correlate it in a general way with the increasing labour demands of war industries and with the possibilities of recruiting new workers from other sectors of the population.

This synchronisation of the withdrawal of labour reserves from non-essential activity with the actual needs of war industries is the first problem which must be solved. When the reduction of the labour force of non-essential industries is effected by the direct recruitment of the workers required by war industries, the co-ordination is automatic, provided that the opposition of the individuals concerned does not require the use of compulsion to an extent incompatible with the maintenance of morale. In order to overcome opposition to transfer, indirect methods may be adopted to curtail the operations of particular industries and thereby to bring about the release of the workers needed by essential industries. These methods may easily be combined with measures affecting other aspects of the war economy—such as the rationing of raw materials, the reduction of the consumption of non-essential articles, and the release of production facilities which can be used for war purposes by a reorganisation of work or by the concentration of production in nucleus plants. On the other hand, the repercussions of indirect methods on employment are more difficult to calculate than those of direct methods. They may throw out of employment more workers than can be absorbed by essential industry, thus increasing unemployment at a moment when the general shortage of labour makes all unemployment paradoxical, or leading to unnecessary and undesirable changes of employment. In fact, the mere announcement of the plans for any one industry may make a number of workers leave their employment in the thought that, by taking work in another non-essential industry not yet affected, they can escape the change of occupation or residence which might be involved in transfer to essential industry. If this should happen, the reserves anticipated would be partly dispersed before they could be directed towards vital war employments. The way to obviate these disadvantages is to extend employment controls to non-essential industries, subjecting to official consent the right of employers to dismiss workers and of workers to leave their jobs and thereby freezing the resources necessary for the progressive expansion of war industries.

The second problem involved in the organised transfer of labour from non-essential to essential work is that of selecting workers for transfer, taking into account the location and nature of the jobs to be filled in essential industries. Workers in non-essential employment do not all possess the same degree of mobility. The latter is determined, in the first place, by the relation between the skills of the workers and those required in the vacant jobs. Other factors affecting mobility are age, sex, and domestic status. Young workers are in general more willing to take up and more

capable of performing a new type of work than older workers. Young men are easier to transfer away from their families than young women, especially where the temporary nature of the employment makes it necessary to live in rough camps. Single workers are more mobile than married workers, who must either move their households or be separated from their families, when the transfer of the latter is impossible because of a housing shortage in the new place of work or because the wife (or husband) is in employment in the old place of work. Among married workers, women with children are the least mobile. In selecting workers for transfer, therefore, efforts should be made to classify the workers according to their relative mobility, occupational and personal, as a basis for carrying out the transfers required with the least friction.

Since many of the industries affected by the curtailment of non-essential activity must go on producing to meet the needs of the civilian population, consideration must be given, in selecting persons for transfer, to the continuing requirements of these industries. They must retain a necessary quota of key workers, as well as a sufficient number of other workers. As a rule, the workers who should stay in this type of employment are those who are the least mobile.

Methods of selection in which all these factors are taken into account require administrative machinery which can weigh, one against another, the needs of war industries, the special conditions of industries and undertakings which have lost a part of their labour force, and the position of the workers affected. The machinery needed is still more complex when the redistribution of labour is linked with measures of industrial reorganisation (such as concentration of production) designed to economise in the use of employed labour. It can only be set into motion satisfactorily in each industry on the basis of plans worked out by the authorities in agreement with the employers and workers affected, or by the latter themselves in accordance with general instructions of the authorities and conditional upon their approval.

Transfer of Workers within Essential Industry

An effective policy of labour redistribution is not confined to the transfer to essential industry of workers who can or should be withdrawn from other industries as the war economy develops. Essential industries must make the fullest use of their labour supply. This becomes more and more important as other resources near exhaustion, but it cannot be disregarded at any time. Transfers from non-essential industries are generally for a long period. Workers taken from these industries cannot expect to go back

to their old work before the end of the war. When transfer involves a change of trade, it alters the occupational structure of the country and complicates the subsequent adaptation of the employment market to peacetime conditions. If this is a result of the need for economising in certain supplies or for reducing the consumption of non-essential articles, it is doubtless inevitable. In other cases, however, the lowered consumption and the inconvenience caused to the employers and workers affected cannot be justified unless the workers are absolutely necessary for essential industries; and this implies that the labour already employed by these industries is being fully utilised.

The relative needs of the different essential industries undergo continuous change. For example, the demand for workers in the building industry is very large in the first stages of the defence programme; it tends to decrease in the later stages; but it may increase if the course of military events makes necessary the creation, expansion, or rebuilding of plants, either to replace those destroyed or located in regions occupied by the enemy, or to make good the loss of certain foreign supply markets, or to produce new types of munitions of war. These same factors cause considerable variation in the labour demands of other war industries and also of industries producing for the civilian population. At the same time, they modify the relatively essential character of the industries in question.

The problem to be met is the redistribution of labour among the different essential industries in accordance with their varying requirements. It is not, in fact, dissimilar to the problem raised by the redistribution of labour from non-essential to essential industries. The only difference is that the transfers are more temporary in character, because the industries from which the workers are taken may find later that their labour requirements will again increase owing to changes in the general situation or in the production programme. This difference does not, however, affect the methods by which the problem may be solved.

Quite independently of these variations in the relative importance and urgency of the various essential industries, the labour requirements of each undertaking within each one of these industries is subject to constant change. Some plants are expanded faster than others; but the need to preserve the productive capacity of each generally limits the possibilities of transferring workers from one to another. The requirements of undertakings which are being expanded should be met so far as possible, therefore, by recruiting workers from non-essential industries and by drawing on reserves normally outside the employment market. The objec-

tive is to increase the total volume of labour in war industries in direct proportion to the expansion of their productive capacity. Only in the higher categories of skill is it necessary, because of the inelasticity of the supply, to redistribute labour by inspecting, with increasing strictness, the utilisation of each skilled worker and technician. Methods for doing this have already been analysed. It may be added here that, to limit the changes of employment involved, which threaten to lower output during the readjustment period, mobile squads of skilled workers may be formed and placed temporarily at the disposal of new or expanded factories. These squads can organise the starting up of production and can help to train and upgrade the existing labour force until new cadres of trained workers have been constituted. When this has been done, the squad can be shifted elsewhere.

A special problem arises in certain industries where, although the total volume of labour may not need to be increased and recruitment of additional workers is not therefore justified, the demand for the different grades of skilled labour in each undertaking is extremely varied. This is the case, for example, in the construction and shipbuilding industries, in which no undertaking can normally provide continuous employment to a stable labour force because of the changes in labour requirements (both quantitative and qualitative) in each new phase of the work. The same is true in the stevedoring industry, especially when military events cause unpredictable diversions of shipping from one port to another. The continuous employment of workers in industries of this kind cannot be organised on the basis of a single site, port, or enterprise. Special arrangements are necessary to group together all the workers and undertakings of the industry in question in one locality, region, or country, and thus to relate supply to demand in each area. Their effect is to pool the resources in each of the industries and to place these resources at the disposal of an authority who can direct the transfers necessary to meet the needs of each undertaking at any given moment. These arrangements impose on the workers concerned an amount of discipline which would be hard to tolerate unless it is carried out largely with their consent. They can be introduced, as a rule, only after agreement with the organisations concerned; and sometimes it has been useful to submit them in draft form to a membership referendum. Agreements reached in this way should be applied in co-operation with the organisations and undertakings affected, in order that the legitimate interests of individual employers and workers may be taken into full consideration.

The counterpart of these arrangements is, for the worker,

greater continuity of employment. But the irregular character of the work in most of these industries always makes it impossible, no matter how perfect the system of transfer may be, to secure complete regularity of employment. The logical consequence is that the authorities, having deprived individuals of the right to choose their employment and having taken the responsibility of providing them with work, should also take the responsibility for any discontinuity of employment which may arise. That is to say, workers who are idle as a result of stoppages of work should not lose their wages or be treated as unemployed and granted mere relief or insurance benefit. However irregular their employment, they should receive a guaranteed wage. In this way, they remain in the service of the authority charged with organising their employment; and, in exchange for their wages, they remain ready to carry out the duties required of them, even though these may not always be in their normal occupation.

Social Problems Connected with Labour Redistribution

Labour redistribution has economic and social effects which tend to limit mobility. They constitute important obstacles to the organisation of labour transfer in wartime. The personal hardship and inconvenience which transfer frequently involves have been responsible in large part for the difficulties which have always hampered efforts to re-employ the unemployed by transferring them to other industries and areas. In wartime, the scope and rapidity of the changes made in the structure and distribution of industry accentuate the conflict between the labour requirements which accompany this industrial evolution and the forces which limit the relative mobility of the labour supply. During the war, moreover, it is necessary not only to persuade unemployed workers to accept a certain amount of personal inconvenience as an alternative to unemployment, but also to ask employed workers to leave one employment to go to another. War psychology helps to overcome many of the personal difficulties which in any other conditions would tend to prevent changes of employment; but it cannot eliminate all the various problems that arise. Some sacrifices in the process of transference will be accepted as inevitable, but the workers affected will come to resent sacrifice and inconvenience unless they are convinced either that it is necessary and unavoidable or that the authorities are making serious efforts, in every way possible, to remove the grounds for their dissatisfaction.

The authorities are generally granted broad powers of compulsion to effect the necessary transfers and to keep workers in the jobs where they have been placed. Indiscriminate use of these

powers, however, which would not remove the root causes of resistance to or discontent after transference, would have an unfortunate effect on morale and on output.

The host of social problems raised by any extensive redistribution of labour and the variety and the cost of measures for solving them are two major reasons why workers should be asked to transfer only when there is no other way by which to satisfy the labour requirements of essential industries. Where transfers are unavoidable, the resulting problems may be substantially reduced by selecting workers for transfer with due regard for their relative mobility. A careful process of selection will not eliminate all the special difficulties of transferred workers, however. Those who are induced or compelled to transfer are frequently faced with many serious problems. Some relate to income, which may be decreased either by the loss or reduction of wages or by the additional expenses involved in making the transfer; others are connected with food, housing, living conditions, and family life; and still others with future employment. These problems must be dealt with effectively; otherwise, they threaten the success of labour redistribution policy as a whole.

Financial Problems

One of the first questions to arise when a worker is asked to transfer is the rate of wages that will be paid in the proposed new employment. To avoid unnecessary disturbances in the wage structure of essential industries, arrangements are frequently made, either through collective bargaining or by the Government in consultation with employers and workers, that transferred workers should be paid the rates established through agreements covering the plant or industry in question or, failing such agreements, the rates prevailing for the work among "good employers" in that industry in the district.

While this arrangement is satisfactory in some respects, it raises a variety of other problems. Within any one industry, there are frequently wide wage differentials, between one district and another and even between one plant and another in the same district. A worker in a high wage area may be called upon to transfer to another plant in the same industry where the wages paid are lower. He may resent the fact that he is forced to leave one employment to go to another which pays him less for doing the same work. These wage differentials have sometimes been solved by applying the principle that transferred workers should receive the wage paid in their new place of work or the wage paid in their old place of work, whichever is the higher. This solution

may be satisfactory to the transferred workers, but it may be unsatisfactory to their fellow workers who continue to receive lower wages for the same type of work. When the wage differentials are the result of a lower cost of living in the region to which the worker is transferred, difficulties of transfer may arise less because of the rates of wages than because of the extra costs imposed on the worker through the transfer, as, for example, the cost of maintaining his family in his previous workplace where the cost of living is higher. In this case, the solution lies rather in the provision of supplementary allowances than in modifying the wage rates. For the rest, however, the only satisfactory solution is the progressive elimination, wherever possible, of all illogical differentials that may exist.

A different problem arises when, owing to an acute shortage of labour in particular essential industries, an appeal has to be made to all workers with experience in those industries to return to their old employment immediately. Some of the workers who left these industries before the war may have found work which is agreeable, relatively well paid, and in which they have acquired certain seniority rights. They are called upon to leave their work and to go back to their former occupations, often at a much lower wage. For example, while agriculture is basic to the war economy, it is notoriously badly paid; and while coal mining is equally important, it is not only disagreeable work, but income in the industry has been relatively low and irregular in most countries. Workers forced to return to these and other such industries will not come forward with any enthusiasm unless something is done to compensate them for their worsened financial position. This problem can only be met by measures to improve the relative attractiveness of the essential industries which are short of labour (either by increasing remuneration or by improving conditions of work) and at the same time by attempts to regularise income in these industries.

When controls over the labour market prevent voluntary leaving of employment, the workers, especially those who have returned to their old jobs at some financial sacrifice, may resent losing their right to seek higher wages elsewhere unless action is taken at least to safeguard their weekly pay, so that they do not have to suffer from irregular work and lost time owing to lack of materials or other factors wholly outside their control. Thus the authorities are gradually forced to assume increasing responsibility not only for the payment of "fair" wages but also for the payment of a guaranteed wage which is payable to the workers even though, temporarily, no work is available for them to do.

Although in this way specific standards can be maintained, other difficulties may arise from the practices of certain employers who decide to pay workers more than the prevailing rates of wages and try to attract them by a variety of special bonuses. If workers in essential industries are not prevented from leaving their employment, these practices cause harmful and chaotic transference. If workers are prevented from leaving their jobs, however, they have an adverse effect on morale among the workers who cannot change their jobs merely to seek higher wages but are aware that other workers are taking advantage of the situation. Moreover, the practices constitute an obstacle to transference because workers who become surplus to requirements in a plant paying more than the agreed rates may be unwilling to transfer, even temporarily, to a plant paying only the agreed rates.

There are, thus, four major problems connected with wages for transferred workers: (1) wage differentials within any one industry; (2) the relative attractiveness of the different branches of essential industry; (3) the relation between employment controls and wages; and (4) the practice of overpayment.

So far as the first problem is concerned, the main difficulty is to find ways to eliminate illogical wage differentials, as was mentioned before. In well-organised industries, discussion between the employers and workers concerned may be of great value in reducing unreasonable disparities in wage rates. This is particularly true where the trade union and employers' organisation concerned are strong enough to control the wage structure of the industry and to co-ordinate wage policy on a national basis. In the absence of joint negotiating machinery, the authorities may be forced to intervene in an effort to overcome unjustifiable wage differentials from plant to plant and district to district.

When it is a question of improving the relative attractiveness of branches of production which are short of labour, a great deal can be done to improve conditions of work and wages by the combined action of the Government, employers, and workers. Equally important and practical are efforts directed towards regularising income. It is of special importance that a guaranteed income should be provided to workers who are refused the right to leave their jobs. Thus the Government, as well as the employers and trade unions concerned, must take an active part in ensuring guaranteed wages, either by making this a condition of granting protection for the labour force of an employer in essential industry or by agreeing to participate in the financial arrangements for paying the wages of workers temporarily idle through no fault of their own or of the management.

The practice of overpayment is perhaps the most difficult wage problem connected with labour supply policy. In some cases it has been limited by fixing a ceiling on the rates of wages that may legally be paid to categories of workers which are in great demand. But this raises complicated problems of supervision over bonuses and other special payments. It may also be unfair to workers whose wages are frozen if proper consideration has not been given to the adequacy of these wages or if the wages of other workers are allowed to increase. Finally, although it may facilitate the transfer of workers from undertakings prevented from offering higher wages, it may destroy the incentive for transference to these undertakings. When controls of employment are in force, the problem of overpayment loses much of its importance since the controls remove the employers' temptation to overpay workers.

A further problem is that of payments during training or retraining. Some period of training is necessary for many workers before they take up vital war work. However, no worker will look forward to undergoing any such period of training or retraining if it involves a large drop in his earnings. Nor will he relish receiving "allowances" and "pocket money" instead of his wages while he is being trained for war work. In other words, if the payments made to workers during training are less attractive in amount and in form than wages in non-essential industries, workers will not be tempted to transfer from non-essential to essential work. To overcome this obstacle to a smooth flow of labour towards war employments, payments during training must be made to compare favourably with wages received by the classes of workers whom it is desired to transfer to essential work. These wages must also bear a direct relation to those which will be received in the war employment to be taken up at a later stage; and they should be increased from time to time during training, as a trainee acquires skill in all cases when the training extends over any relatively long period. The payment of wages during training, rather than allowances, has distinct psychological advantages.

Another question is that of travelling fares and allowances for transferred workers. Ordinarily a worker is not able to meet these expenses from his own income; and even if he were able, it is hardly justifiable to ask him to do so. Some arrangements have to be made, therefore, to cover these costs. Where the nature of the industry requires continuous fluctuations in the labour force, the matter may be dealt with in collective agreements which require the employer to pay fares and allowances when a man is transferred to a place of work beyond reasonable daily travelling distance

from his home. Where employers are accustomed to recruit workers from other areas, it is often the practice for them to pay the travelling costs of recruits as an extra inducement to them to move. But in wartime, when transfer on a large scale is urgently required, these arrangements either do not cover all the workers affected or they are no longer practical. Therefore, it is often necessary to supplement them by Government action to grant fares and specified allowances for the time spent travelling to workers who are requested to change their place of work. In order to prevent any conflict or duplication with other arrangements, where these continue to exist, the Government allowances may be made payable only where it is not the custom or the practice for them to be paid by the worker's new employer.

Daily travelling expenses may often be tremendously increased as a result of a change of employment in the same general area. A worker's home, conveniently located from the standpoint of his old employment, may be very inconvenient to the new munitions factory to which he is transferred. Moreover, many workers, rather than find lodgings nearer their new work, prefer for personal and financial reasons to live at home, even though they may have to spend a long time each day travelling to and from their work. In any case, there is often a shortage of suitable accommodation near essential plants which makes it impossible to find a place to live in without long daily travelling. The costs of this travel amount to an appreciable sum each week and constitute an additional expense which may tend to check the movement of workers to essential work. In order to overcome this difficulty, either the Government or the employer, with or without Government subsidy, may agree to pay all daily travelling expenses in excess of a specified amount per week considered to be reasonable.

When transferred workers arrive in their new place of work, they are faced with the problem of finding lodgings at a reasonable cost. However, many workers are maintaining another home in their old place of work and have a double lodging expense which they are unable to meet. The authorities may arrange to cover part of these expenses for married men or single men with family responsibilities, in order to prevent heavy financial loss and discontent among the workers concerned. This allowance is necessarily based on the cost of finding suitable lodgings in the various areas where workers are being sent. While it may be at a fixed rate over a large area, it may have to be adjusted for another area to prevent injustice.

Even though these expenses may be covered to a large extent, living costs during the first weeks in the new place of work are inevitably higher than they have been in the old place of work.

If the Government wishes to facilitate the adjustment of transferred workers to their new work, it must arrange to make grants or loans to these workers to help to cover their extra incidental expenses and to meet any initial difficulties that may arise in "settling in". These may either be granted as a general rule to all transferred workers or they may be conditional upon need; but in any event it is essential that some financial resources of this kind should be available for transferred workers to draw upon.

If the worker can bring his family to his new place of work, and if the character of his employment makes this desirable, an additional grant may be necessary to help him to transfer his belongings and to pay the fares of his dependants. Once his family has come, moreover, he is faced with extra expenses connected with his old home— for example, taxes and liabilities of various kinds; and it is often necessary for the Government to make arrangements for covering these continuing liabilities.

General Social Problems

If the movement of transference is to be successful, labour redistribution must be accompanied by activity to bring living and social conditions in the new place of work up to at least a minimum standard of comfort. This activity should not be considered as a "fad", but should be made instead an integral part of the policy to encourage labour mobility. It may have to be carried out under very difficult conditions, but it is nevertheless essential. For example, transferred workers must be provided with suitable housing of some kind, adequate facilities for obtaining their meals, health care, recreation, opportunities for visiting their families, and other facilities. Unless particular attention is given to these problems, a steady stream of workers will be sent to replace another stream of workers who have been unwilling to remain in their jobs because of bad living and social conditions, or those forced to remain in their jobs will become dissatisfied and unwilling workers. These various problems must often be solved by the building of special housing for transferred workers, the opening of special canteens, the maintenance of special social and reception centres, the provision of special infirmaries and medical and nursing staffs (particularly for workers lodged in temporary camps), and in some areas the provision of special school facilities for the children of transferred workers. Moreover, there is urgent need for trained welfare officers (both men and women) who can supervise the general social conditions in areas where transferred workers are arriving in large numbers and help them to meet any personal and financial difficulties that may arise.

Another rather distinct problem for transferred workers is the question of their trade union membership. Through their trade unions they may have acquired extra pension rights, seniority, and other privileges. Called upon to transfer to war work, they are faced, in the absence of special arrangements, either with the loss of their rights and with another entrance fee, or with double contributions. This question can only be solved by the trade union movement's taking into account the increasing interdependence of the movement as a whole in wartime.[1]

Another factor which tends to limit the mobility of transferred workers is the inevitable feeling of insecurity that arises when a worker is asked to leave an employment in which he is established to go to another employment which, by its very nature, is of uncertain duration. The resistance to transfer on this ground may be found not only among older, skilled workers with deep roots in their industries and communities, but also among younger workers who fear that after the war they will find that their places have all been taken by the youngsters just leaving school. Thus, if no guarantee for the future employment of transferred workers can be provided, there is a decided risk that many workers will be unwilling to undertake to transfer to work of the highest national importance despite the many other incentives that they may be offered to go to such work. It is not easy to find a solution for this problem at a time when the whole structure of employment is undergoing sweeping changes and the precise employment possibilities of the after-war period cannot be foreseen. Guarantees for reinstatement are usually given to workers who enlist in the armed forces. Similar provisions might be made to cover all workers who have been persuaded or instructed to transfer to other work of greater importance to the war effort. In other words, these workers could be treated as being in exactly the same position as workers who have joined the armed forces or civil defence services. All these guarantees, however, are rather indefinite and are necessarily conditional upon the subsequent existence of the workers' old jobs. They may be effective in the case of workers transferred temporarily from one essential undertaking to another. But when workers are transferred from the less essential industries to war work, they cannot expect to be released from this work before the end of the war. For these workers, the promise of reinstatement in their previous employment does not meet their basic worries in regard to future employment. It is difficult to

[1] For a review of the position of this question in Great Britain, see *International Labour Review*, Vol. XLV, No. 2, Feb. 1942, pp. 151-156: "Trade Union Membership Problems of Transferred War Workers in Great Britain".

suggest that any adequate legislative guarantee of re-employment can be framed to cover the matter. What is essential is that the authorities should be able to convince both employers and workers that real and constructive efforts are being made to plan for the existence of adequate employment and training opportunities in the post-war period which will prevent the recurrence of extensive unemployment. In all such planning, employers and workers have an essential part to play. In this way, and only in this way, can they be convinced that the measures planned are the best social guarantee for future employment that the country is capable of producing.

Administrative Organisation

The administration of labour redistribution policy conditions the whole success of the policy. While the organisation must be based on the existing administration of labour supply policy, it must be supplemented by other machinery as soon as there is a need for extensive transference of workers from one industry and area to another. Moreover, since labour redistribution affects the interests of employers and workers so directly, it cannot be successfully carried out without the co-operation and participation of employers and workers at every stage in the planning and application of policy.

Labour redistribution policy is necessarily an integral part of labour supply policy as a whole; and the central feature of its administration is therefore a closely co-ordinated employment service, national in scope and in outlook, which is closely linked with or subordinated to the department responsible for the administration of labour and social questions. This service must be generally responsible for determining the extent and character of the need for labour transference and for selecting and making the practical arrangements for the transfers that are found to be necessary. To carry out these duties successfully, the employment service must be flexible, adapting its activities in each area to the peculiar needs of the local situation. Its staff must be capable of weighing, one against another, all the various factors that have to be taken into account in determining whether or not particular transfers must be made in the interests of the war economy and which workers should be transferred. As a basis for its decisions, the employment service must have comprehensive information on the whole labour force, whether in the employment market or not; on the composition of the labour force of individual undertakings; on the present occupation and previous experience of all workers, especially those with skills thought to be useful for war

production; and on the personal and family factors likely to affect the workers' mobility.

The employment service alone, however, is hardly in a position to have at its disposal the detailed practical knowledge that is required for carrying out this allocation of labour resources. Therefore, it has sometimes been useful to establish special local bodies, comprising representatives of the employers, workers, and other interested groups in any industrial area. These bodies know the concrete local needs; they can interpret and foresee the local labour supply and demand; and they can lay down general policies for meeting the requirements of essential industries in the area, leaving the actual execution of these policies largely to the employment service officers.

To make the connecting link between these bodies and the employment service on the one hand, and the individual factories on the other, further labour supply machinery gradually becomes essential. There must be some method of inspecting the utilisation of the supply of labour in the various plants, in order to prevent employers from hoarding workers, to see to it that full use is made of existing resources, and to make arrangements for transferring workers more urgently needed elsewhere. These duties, which often include investigation of the existing organisation of work and plant, should be entrusted to technical officers with practical knowledge of industrial conditions who can become thoroughly familiar with the needs and resources of local plants. With the increasing shortage of labour accompanying the development of the war economy, it falls to these officers to enforce economies in the use of skilled labour; to establish strict priorities in the labour requirements to be met; and to persuade employers to lend some of their skilled workers temporarily to other plants. This work of inspecting the utilisation of labour supply varies among the different essential industries; and it has sometimes been found useful to have different inspectorates for industries with specialised requirements, such as the stevedoring and coal mining industries. The officers entrusted with these duties must necessarily work under the guidance of the employment service; and they must also work in close association with the technical officers of the supply departments. Otherwise, they would not have the practical information necessary to judge the current and future labour needs of the various plants.

The co-ordination of labour supply and other administrative machinery affecting the transference of workers must be secured on a national, regional, and local level. This may be done through planning committees which group together, at the national, re-

gional, and local (where necessary) levels, officers of the supply departments and other Government agencies concerned with production and employment planning and representatives of employers and workers. These committees are policy-making bodies for the areas which they cover; and the actual execution of the policies agreed upon is left to the various departmental services concerned.

The special machinery set up for dealing with the social problems connected with labour transference must also be co-ordinated with the labour supply machinery. The employment service (or department with which the employment service is linked) may be made responsible for co-ordinating the different welfare activities affecting labour transfer, but the questions are so varied that they will necessarily overlap the field of activity of different agencies and services. Consequently, in this sphere as well, there is a need for committees which will prevent duplication of effort and ensure that the food, health, housing, and other agencies are working together to meet the special needs of transferred war workers.

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The general agreement of the parties concerned is a *sine qua non* of the success of labour redistribution policy. In democratic countries, the collaboration of freely chosen representatives of employers and workers with Government authorities in framing and planning the policy is the natural method of securing this agreement. While compulsion may be necessary to prevent a few individuals from interfering with an agreed policy, it cannot be used as a substitute for the co-operative action of the parties most vitally affected by labour transference—employers and workers.

The methods by which employers and workers may be made active participants in carrying out labour redistribution are extremely varied. While they must necessarily be based on the structure of collaboration that existed in the country in question before the outbreak of war, there is in wartime both a need and a wide scope for the improvisation of new machinery, formal and informal, to meet the special needs for transfer raised by the evolution of the war economy.

Consultation with employers and workers in planning labour transference serves three purposes: first, it makes it possible to test the Government's plans against the practical knowledge of employers and workers; second, principles and procedures satisfactory to all three groups can be worked out; and third, since the representatives of employers and workers have become thoroughly familiar with the plans for transfer, they can help, by explaining their purpose, to make them generally acceptable to and put into practice by the membership of their organisations.

While consultation in framing policy is important, it is by no means sufficient to ensure successful transference. Employers and workers must take an active part in executing the policy. Those belonging to the industries from which workers have to be withdrawn may well be called upon to take the responsibility for allocating the quotas of workers to be released among the different regions of the country and among the plants within each region, so as to eliminate unfair discrimination between plant and plant and between worker and worker. Within particular plants, employers and workers may be of great assistance not only by explaining why the transfers are necessary but also by setting up joint machinery to help the authorities in selecting the workers for transfer and in making the arrangements for their transfer. Again, in the industries and plants to which workers are being sent, employers and workers must be closely associated with the authorities in order to ensure that the transferred workers are absorbed effectively and without friction. In performing these and other related functions, the representatives of employers and workers are not superseding the Government authorities charged with organising labour transfer, but are supplementing and facilitating the work of the authorities. Without their assistance, the Government would find it difficult to determine the principles for transference and would be unable to persuade particular employers and workers to accept the irksome sacrifices involved in changes of employment.

The general economic and social problems connected with transference can only be dealt with effectively in collaboration with representatives of employers and workers. Otherwise, some of the problems might be ignored or some of the solutions might fall short of what is required at any given moment. The trade unions, in particular, can give valuable aid to the Government in bringing to light either the need for or defects in arrangements for allowances, food, lodging, and general welfare activity for transferred workers. Employers and workers together can often iron out wage difficulties hampering transference. In short, more practical and satisfactory solutions for the varied social problems arising out of labour transfer can be worked out through the co-operative action of all three groups than could be achieved by the Government alone.

Labour-management collaboration with the Government on labour transference must exist not only as a matter of national policy but also as local plant practice. Only in this way can there be developed the co-operative will that really makes possible large-scale redistribution of resources for war purposes. Conflicts of interest can be subordinated to national need, in the long run,

only if national need is defined and met by the representatives of the employers and workers of any democratic country, in co-operation with Government authorities. Finally, the collaboration machinery set up to organise the transfer of workers from one employment to another may be of equally great importance in organising the re-transfers that will be necessary in the shift from a war to a peace economy at the end of the war.