

# Manpower for Preparedness

*The Honourable Milton F. Gregg, V.C.*

**S**INCE the outbreak of hostilities in Korea last summer, and the announcement of a large-scale defence program, there has been increasing concern over the possibility of a manpower shortage in Canada. With some reports of shortages of skilled men even before defence production was well under way, many questions have been asked about Canada's ability to provide sufficient manpower for defence needs as well as to maintain the scale of most peacetime production efforts. Some people are afraid that this defence program will put an almost intolerable strain on a country with a population of only 14 millions and a labour force of just over 5,200,000.

How completely the distribution of the Canadian working force has been adjusted in the last five years to meet the needs of peace is not often realized. During World War II, employment in manufacturing as a whole almost doubled, and some manufacturing industries grew to about three or four times their size in 1939. At the same time, the primary industries—agriculture, mining and logging—as well as the service and distributive industries, either declined or grew much more slowly. In the last five years the process has been reversed. Although manufacturing employment has increased since 1945, it is the only one of the major industrial groups in which employment has not yet reached the level of 1943. In rate of growth, manufacturing has been outdistanced by logging, transportation and communications, construction, trade and services. Many of

those released from the armed services and from war plants found their peacetime jobs, not in manufacturing, but in the industries which had been so long starved for manpower. Within manufacturing itself, there was a shift out of the heavy goods industries into the "light" industries such as textiles and food processing. It is hardly likely that this present employment structure will prove adequate to the needs of the period of preparedness which we are now entering.

The problem of meeting defence needs is not entirely one of readjustments in the labour force, however. It is also possible to increase the size of the labour force itself. Those who point out that we no longer have a large body of unemployed as a reserve of labour, forget that there are groups at present outside the labour force which can be drawn upon if the situation demands it.

The problem of the manpower needs of the preparedness program has two aspects, therefore—readjustments within the labour force, and an increase in its size. Both of these aspects must be considered in the light of the current labour situation, and in relation to the type of defence program proposed.

## II

**T**HE proposed defence program, which is part of our preparedness efforts, is quite specialized and contrasts in many important respects with our endeavours

during World War II. Current plans call for bringing the strength of our Armed Services up to about 115,000 men and women over the next three years, as compared with over three quarters of a million in the forces in 1943. The importance of air power both in the defence of North America and of Europe has been recognized in the plans to increase the number of Air Force Personnel somewhat more than the other two services.

The emphasis on the Air Force will be paralleled by a concentration on the manufacture of aircraft, the largest single item in the proposed defence production expenditures. Next in importance will be radar and electronics equipment, naval vessels and sea installations, and the construction of training facilities. Orders for clothing, arms and ammunition and military vehicles make up a relatively small proportion of the current defence budget.

Thus the industries most likely to be directly affected by the defence program will be aircraft, shipbuilding, electrical apparatus and construction. This emphasis on aircraft and shipbuilding as a major part of Canada's contribution to western defence means that we will be able to use any idle capital equipment in these industries fairly quickly. While some considerable expansion of facilities may be necessary, the labour and materials required will be much less than if we were starting from scratch. The same is true to a great extent of the present armaments factories, many of which are operating below capacity.

It would be a mistake to think that we have solved all the manpower problems connected with preparedness when we have manned the defence industries and brought our armed forces to required strength. Although Canada has become much more industrialized since 1939, it is still one of the world's most important raw material producing countries. Canadian production of base metals and foodstuffs is essential, not only to the manufacture of military equipment, but also to the improvement of living standards in Canada and the free world, which is as important to the defence against communism as guns and aeroplanes. If in meeting the labour needs of the armed

services and the defence industries proper, we leave the primary industries short of manpower we will not have made our maximum contribution.

Nor will we be playing our full part, if we fail, through lack of manpower, to continue to develop our natural resources. Explorations are being conducted in British Columbia to discover more sources of vital base metals. In many parts of the country hydro-electric power developments are in progress which will make possible further increases in our industrial capacity. The iron ore development in Labrador has uncovered new reserves of iron ore of great importance, not only to our own iron and steel industry, but also to that of the United States. Its value as an ore reserve will be greatly increased if the St. Lawrence seaway project becomes a reality. In Alberta, the development of new oil resources still continues. In the steel processing industry, a new investment program is underway, which is expected to increase Canadian ingot tonnage capacity by about 20 per cent. Capital investment which develops our natural resources is of particular importance if we are facing a fairly long period of preparedness.

We have, therefore, four main tasks before us—to increase our armed forces to the required strength, to man the defence industries, to keep sufficient workers in our essential primary industries, and to supply enough manpower to those investment projects necessary for further development of our natural resources and industrial capacity.

### III

CANADA'S economy is already beginning to reflect the impact of the defence preparations. An examination of the current employment situation therefore will give some guide to the adjustments necessary to meet the manpower requirements of preparedness.

One of the striking characteristics of the current situation is the existence of shortages of skilled men alongside of a fairly heavy burden of seasonal unemployment. At the beginning of March 1951, there

were just under 300,000 persons registered for jobs at National Employment Service offices. While this figure is about 80,000 below that of last year, it is still considerably above that of the winter of 1947-48, and well above the total in the years of the most acute labour shortages.

Most of those now seeking work are unskilled and semi-skilled men who have been released from their jobs in the seasonal industries of agriculture, transportation and construction. A smaller group of the unemployed have come from seasonal manufacturing industries and some have been laid off because of shortages of materials. Few of those at present registering for work are qualified to meet the demand for skilled workers in the metal fabricating industries. Machinists, tool and die makers, welders and sheet metal workers are the skills at the moment most needed.

It is something of a paradox that the demand for skilled workers should be heaviest in the metal working industries long associated with mass production methods requiring large numbers of unskilled and semi-skilled workers. This specialized demand for workers in these mass-production industries is an indication that the defence industries are in the preliminary tooling up stage. The now-expanding aircraft industry, for example, is assembling its staff of key skilled workers on whom the employment of large numbers of semi-skilled men depends. The fact that aircraft engines will be manufactured in Canada on a large scale for the first time means that a larger proportion of skilled machine shop workers will be used in the industry than was the case in the last war.

At the same time, the reaction of consumers and producers to the expectation of further defence spending has tended to keep available supplies of this type of worker almost fully employed in such industries as automobiles, electrical apparatus, and machinery building. Anticipation of further price rises and material shortages has resulted in an increased demand for plant expansion and modernization, with the result that industries supplying producers' equipment have been increasing their employment and production.

As a result, there has been an increase in employment in the metal working industries larger than in manufacturing as a whole, in spite of the shortages of skilled labour. Between December 1949 and December 1950, employment in manufacturing increased by 5.3 per cent, while in the primary steel industry, it rose by 10.7 per cent, in machinery by 12.0 per cent, in automobiles by 14.1 per cent, and in electrical apparatus by 16.8 per cent.

In the spring, when both shipbuilding and construction begin their operations, pressures on different sectors of the skilled labour force may be expected to develop. The shipbuilding industry needs construction tradesmen such as carpenters, electricians, plumbers and steamfitters, as well as boilermakers, welders, chippers and burners, who are usually employed on the production of structural steel or in plants concerned with heavy steel fabrication, such as those producing railway rolling stock.

#### IV

**T**HOUGH the number of skilled workers in defence industries is not large in proportion to the total number who will be employed at capacity operations, they are key men on whom the jobs of other less qualified workers depend. One of the important factors attracting them into the defence industries will be the prospects of good rates of pay and steady employment, now that priorities in materials give defence industries greater assurance of continuous operation. In times of strong labour demand, workers are generally more willing to change their jobs, as the experience of the second World War demonstrated. Construction workers are likely to prove more mobile than other skilled men in factory jobs, since they are accustomed to change employers as they move from one construction project to another. On the other hand, employers in non-defence industries will tend to hold their skilled men and lay off the less qualified if the material shortages demand a cut-back in production.

The National Employment Service can

be of great assistance to all firms looking for additional skilled men. At the present time, there are more men applying for work through N.E.S. offices in the skilled categories than there are vacancies listed, and this would indicate that employers are not making full use of the facilities available.

Although it is not likely that the skilled jobs in defence industries will all be filled easily and quickly, the trend is generally toward movement of skilled men out of the less essential industries into the defence plants. As the skilled jobs are filled in the defence industries, labour demand will gradually shift over to the unskilled and semi-skilled men, who can be trained fairly easily to the requirements. It is this type of demand and not the present short-term heavy demand for skilled workers, which is likely to be one of the most powerful factors in bringing about the readjustments in the employment structure.

At the same time, as workers are being attracted into the defence industries, credit restrictions and the priorities established for basic materials will tend to reduce pressures on labour supply in those non-defence industries most likely to compete

Of these two, priorities for essential materials, particularly steel and base metals, will be the most direct in their effect. A priority system for steel and base metals is already being set up, and it is expected that other essential materials will be brought under regulation when the supply situation warrants. The priority system for steel is designed to direct supplies away from such non-essential building as theatres and places of amusement, into shipbuilding and such construction projects as hydro-electric stations. In its announcement of the new measures, the government has urged all contractors and manufacturers to make sure that they will be able to obtain supplies for new projects contemplated before they begin work.

The tightening of credit recently announced by the Bank of Canada will influence both consumer and capital investment expenditures. More stringent requirements for individuals applying for loans to commercial banks and other financial institutions will supplement the

existing measures demanding higher down payments for goods bought on the instalment plan. At the same time, a more careful examination of producers' requests for loans could be a means of channelling investment funds into the more essential projects.

As credit restrictions limit further increases in demand for both consumer durables and producers' goods and as materials are diverted into essential industries, the pressure on labour supplies may not be as great as it would otherwise be. The possibility that materials will not be available will certainly place a limit on plans for expansion in non-defence industries. In many plants, shortages of materials are bound to cause layoffs, which will release workers for jobs in defence industries.

**I**T is not always necessary for men to change jobs, however, in order to produce defence equipment and supplies. Many workers in manufacturing industries can become engaged in defence production by the simple process of placing defence orders with their employers. Many firms making parts for automobiles, for example, will not need to change their staff to make similar parts for aircraft. But even though a considerable amount of this sort of re-conversion may take place, some dislocation is inevitable. This is all the more likely because there is not the same assurance as in the war period that the slack production in non-defence plants will immediately be filled by a defence order. The highly specialized defence program is significant here. Certainly we might expect pockets of unemployment in some areas, along with heavy demand for workers in others.

There may be some inconvenience for both employers and workers as a result of shifts in production and employment. In theory, credit restrictions and materials priorities can be important factors helping to readjust our labour force to a new situation. In practice, it quite often involves sacrifice for a man to change jobs, even if it is not necessary to move to another city.

The National Advisory Council on Manpower has suggested that in some cases it

might be possible to establish new defence projects where there is a surplus of workers, as an alternative to moving the workers to the defence plants. It has also suggested that some form of assistance might be given through the National Employment Service to those workers who have volunteered to take jobs away from their own locality. The National Employment Service will undoubtedly be one of the important agencies guiding workers to jobs where their services are of most value. It has a network of almost two hundred employment agencies across the country and now that unemployment insurance has been extended to the majority of the workers in Canada, this agency has a fairly complete knowledge of available labour supplies and requirements.

The existence of strong general demand for labour in the defence industries may in future create a problem for primary producing areas. Once the defence industries are in a position to hire large numbers of unskilled and semi-skilled workers, job openings and the prospect of higher wages may begin to attract workers who normally find employment in the services and the distributive trades, and in the primary industries. The drift of workers out of services and distributive industries is not likely to create a serious problem as far as our preparedness program is concerned. But the primary industries are a different matter, since production of vital materials is involved. During the war one of the most difficult problems was to keep enough workers in agriculture, mining, logging and fisheries. The normal flow of workers from the rural areas to the cities might well increase somewhat again, although wages and working conditions are more nearly comparable today than ten years ago.

## V

ONE of the most important sources of labour for the primary industries is immigration. With a more intensive program, it is expected that about 150,000 persons may be brought to Canada over the next year, and about half of these will be

net additions to our labour force. Not all of these newcomers will go into the primary industries, of course—some of them will be skilled workers in the metal and building trades—but those who do will help to fill the gaps left by workers attracted to urban jobs in construction and manufacturing.

Immigration is therefore a source of labour which assists those industries most in need. But there are other sources of labour upon which industry can draw. In the first place, the labour force itself is growing at the rate of about 60,000 persons a year as a result of the natural increase of the population. In the second place, there are reserves of manpower not currently in the labour force which are available to industry if and when they are needed. The most obvious of these are housewives, who are not participating in the labour force to the same extent as during the war. There are about 300,000 fewer women in the labour force now than in 1944. The proportion of married women working is slightly higher than in 1939, however, and has been on the increase over the past year. A lower degree of labour force participation also exists on the part of the older workers, some of whom are skilled tradesmen, and of the young men who are 14 to 19 years of age. When the defence industries are in a better position to hire more semi-skilled workers, we may see more of these groups drawn into paid employment.

Handicapped persons comprise another group, the services of which are not being used nearly to the extent they were in times of extensive labour shortage. The National Employment Service is putting on a vigorous campaign to persuade employers to give them jobs, and both government and service agencies are co-operating in their rehabilitation. Experience has shown that handicapped persons can perform useful work, and a good number of them are able to take skilled jobs.

In these critical times we cannot neglect any source of skilled labour. Although the skilled labour requirements of the defence industries may be met, there is still a long

term problem of increasing the proportion of skilled tradesmen in the working population. Even in this day of mass production, many are key workers in industry. The several years required to train a fully qualified tradesman is an investment in the future growth of employment and production, since on him depends the jobs of large numbers of workers with lesser skills. An increase in the supply of skilled men is as essential to a growth in our productive capacity as investment in new plant and machinery.

With the disappearance of the old system of apprenticeship, except in a few trades, the responsibility for training young workers to take skilled jobs is one which has often been neglected, all the more easily because it is only in times of high production that we realize just how essential these workers are. Since most of the training must be given on the job, school courses are at best only a supplement. It is gratifying to know that some firms already have begun training programs in their plants.

THE manpower question in its simplest form is to determine the qualifications and location of our workers, to determine where they are needed most and to determine the best method for getting them there.

If these steps can be taken by the use of existing instruments of government responsible to Parliament and the people, then those instruments should be used as Canada is using them. Further, if these steps can be taken with the minimum of compulsion and regimentation, that method should be maintained as long as possible. The story of the past thirty years teaches that individual freedoms once forfeited, no matter how worthy the cause, are difficult to recapture. However, the threat of tyranny may make it essential to abandon temporarily some individual freedoms for the preservation of corporate liberty.

If and when that is recognized as an essential step by the great body of freedom-loving Canadians, there will be no hesitation or delay.

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### *One Day at a Time . . .*

The United States Secretary of State, Dean Acheson, commenting on his own struggle to keep philosophical in the face of the continuing uncertainty of these days, had found some sort of answer. "I try to remember," he said, "the comments of an old lady of my acquaintance. She said that 'the best thing about the future is that it only comes one day at a time.' "