

A Plan for the Use of Manpower

By GEORGE LUXTON

"Employment is the most urgent, most important, and most difficult of reconstruction questions."—Sir William Beveridge.

A.—The Objective:

Optimum Employment

The central objective of postwar manpower policy should be "optimum employment." By this we do not mean "full employment" without regard to the type of work upon which people are to be engaged. We mean rather that all those wishing to work are to be employed:

- (1) At their highest skill.
- (2) In accordance with the social objectives outlined in preceding articles, including the provision of a national minimum standard per head of the essentials of life.
- (3) At activities which would involve the optimum use of our material resources.

B.—The Setting of the Problem

The attainment of this objective will not be easy. Consider for a moment the dimensions of the problem. The following rough estimates of our working labour force show the enormous changes which have already taken place in its size and composition since the start of the war.

	September 1939 (000's of Persons)	September 1942 (000's of Persons)
ARMED FORCES AND INDUSTRY(1)		
Male.....	10	1,315
Female.....	185
TOTAL.....	10	1,500
CIVILIAN INDUSTRY (Including Agricultural and Own Account Workers)		
Male.....	3,370	2,705
Female.....	950	1,195
TOTAL.....	4,320	3,900

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(1) Including indirect sub-contract work and services ancillary to war production.

TOTAL NUMBER AT WORK (Including Armed Forces)	Sept. 1939 (000's of Persons)	Sept. 1942 (000's of Persons)
Male.....	3,380	4,020
Female.....	950	1,380
TOTAL.....	4,330	5,400

In the process of building up our armed forces and war industry, not only have practically all employable men been taken into full time activity, but some 400,000 women have entered the labour market.

Let us assume for a moment that the war (at least with Germany and Italy) ends in December, 1943. At that time, by shifting men from civilian to war activity, and by obtaining a further increase in the number of women at work outside the household, the number of persons in the forces or in war industry might well have reached over 2 million. The immediate postwar problem, then, would be to demobilize these 2 million men and women and at the same time to maintain in employment all those who have been rendering civilian services to them, in agriculture and manufacturing as well as in trade and service. It is well to remember also that owing to their experience in army trades and war factories, possibly the majority of those in the forces and in war industry will possess, and will be anxious to use, far higher occupational skills than they had at the start of the war.

C.—Future Policies

Our gross hypothetical figure of 2 million will be reduced by voluntary withdrawals from the labour market of married women with family responsibilities and of single women through marriage. It will also be reduced by the revival of civilian industries curtailed during the war. Consumers will be seeking to purchase long-wanted goods, traders to restock their depleted shelves, industries and public utilities to replace their worn out equipment. But there

will be inevitable technical delays in reconverting automobile and other plants which in war-time have shifted from civilian to war work. Furthermore even with the best coordination between the rate of demobilization and the reconversion programmes of civilian industry, there is likely to exist a large gap between the number of people employed in response to private real investment and consumption, and the number employable under conditions of optimum employment. The closing of this "employment gap" will be the heart of the postwar manpower problem, both during and after the demobilization period.

It is idle for us at the present time to draw up detailed blueprints showing how the "employment gap" will be closed. So much depends both on Canadians possessing the same unity of purpose as they have had in war-time, and on an international atmosphere of mutual cooperation. But we can fruitfully consider the major determinants of the solution.

First, there is the international economic environment in which we may find ourselves after the war. Since autarchy in Europe or elsewhere would seriously cripple the Canadian economy, self-interest alone demands that we should support with all our strength broad-scale plans for international collaboration in the development of world resources, involving the multilateral expansion of foreign trade. Particularly in the immediate aftermath of the war, this may require that we, along with other members of the United Nations, should make free gifts of food, materials, equipment, etc., to undeveloped nations, and to those countries gutted by the war. We have gladly made gifts to Britain in order to help win the war; we should be just as willing to make gifts to other nations in order to help establish the peace. All such aid would serve to close the employment gap in the immediate postwar period.

However, until the shape of the postwar world becomes more or less clearly defined, preparations must be made for

differing degrees of international cooperation. Concretely this means that plans for domestic measures to obtain optimum employment will have to allow for—

(1) the import "leakage" involved in different types of expenditure. For example the direct home employment resulting from a housing program will be far greater than that resulting from a stamp plan for the free distribution of bananas.

(2) the effect on the competitive position of export industry. It is undoubtedly true that countries heavily dependent upon exports cannot raise the level of their social security programs past a certain point without meeting the competition of cut-throat exporters—whether the latter are using subsidies or sweated labour. This merely serves to emphasize the fact that without some working standards of international trade practice, and without an international minimum standard of social welfare, plans for Canadian reconstruction will be severely hampered. But let us not be over timid in anticipating the critical level of social welfare in relation to export competition. Better nutrition, better health, better housing can all serve to increase the productivity of those employed in export industry. Schemes for public works, for technical training programs, for research in agricultural and industrial problems, etc., can be geared to the needs of export industry. Finally, without venturing into subsidy schemes the incidence of taxation on exporting groups can be lightened. When all is said and done the essential point is this: external events set an upper limit to our economic well being; they do not excuse a failure to come up to that limit.

Turning now to domestic policies, the fundamental instrument of government policy is a continuous fiscal program designed to close the employment gap and to keep it closed. The program must be continuous, not merely an occasional "shot-in-the-arm," since it must take account of the current and anticipated level of private employment. It must also coordinate both spending and

revenue-producing policies, since the latter have inevitable effects on private employment.

As to government spending, we must be prepared to recognize that if it is to fully close the employment gap it may have to continue for some years at double or triple the pre-war figure of a billion dollars a year for all governments, in addition to extraordinary expenditures for aid to foreign countries.

How is this money to be spent? There is a tendency to consider public works expenditures as something greatly to be preferred over other types of extraordinary government expenditures. Per se, however, they have no superiority over government expenditures in the interest of improved services, such as teaching, or of improved standards of consumption, such as a food stamp plan. These other types of expenditure may give rise to just as much employment and may yield just as great social returns. In the last depression we sometimes fired teachers and health workers as part of "economy" campaigns, while newly employing thousands on "boondoggling" public works projects. Let us hope that this ridiculous and tragic situation—in part the consequence of a false distinction between ordinary and special government expenditure—will never occur again.

Certainly we must prepare a Public Works Reserve so that we may build useful housing (both urban and rural), transport facilities, conservation works etc., when and where the need arises. But we should be rather careful to maintain a many sided expenditure program for two reasons. In the first place it is desirable to spread out our long run public works expenditures over a period of years rather than to distort the economy by completing them over a short period. Unless we took in thousands of immigrants and thereby had to build extensive new facilities, such a staggered program would be unlikely in itself to solve the employment problem. Secondly, we shall need to find jobs for a far greater variety of skills than can be used on public investment projects.

What then are the other useful channels of expenditure? There are the governmental social services—education, health, etc. The whole salary and personnel structure of our educational system is in urgent need of review. There are schemes such as those proposed in the Beveridge report for the United Kingdom for greater social security in connection with old age pensions, unemployment insurance, health insurance, and family allowances, to which the government can contribute. Apart from raising the level of social welfare, these schemes have the advantage of removing from the labour market any persons who are too old or too weak to work efficiently but are driven to do so by reason of hard necessity. Despite its initial cost a positive, fully rounded program of social security may be less of a drain on the resources of a country than a half-way policy which barely keeps many people's heads above water.

There are schemes for promoting socially desirable consumption such as by a stamp plan modelled on that developed by the U. S. Department of Agriculture in 1938, or by subsidized low prices for special commodities or services. There are technical research projects designed to deal with the special conditions of Canadian agriculture and industry. The field of chemurgic research, which attempts to find industrial uses for agricultural products, is particularly important for Canada. Finally, there are schemes for aiding the finance of private industry and agriculture through special loan programmes, particularly for medium and small scale business.

The financing problem attached to a large scale peace-time government spending program will be both simpler and more difficult than that in war-time. It will be simpler because until the stage of optimum employment is approached, the inflationary pressure will be almost non-existent as compared with the terrific pressure of the war programme. On the other hand the program will require a very close coordination of federal and local finance and will undoubtedly require

financial aid to poorer sections of the country. Moreover the program has to be meshed in with variations in private activity, and hence is a far more volatile thing to handle than the war program.

As to the form of financing, only one thing need be said at this stage. There is no necessity over the long run for the spending program to be accompanied by deficit financing, provided that direct taxes are maintained at high levels. Despite the economic maxim that an internal debt can keep on rising ad infinitum with no effect on the price level, there is some merit in keeping our "inter-pocket" transfers to a minimum.

In addition to striving for optimum employment through its fiscal program it is essential that the government should give general guidance to the price and real investment policies of private industry. Our financial controls, our company laws, our corporate taxation and our control over monopolies will all have to be reviewed in the light of post-war needs. The broad aim should be to encourage maximum investment of risk capital and maximum production in all those industries which have both social utility and some chance of surviving over a period of years. Our existing anti-trust legislation is probably most in need of overhaul. As in other countries, we have strained at gnats and swallowed camels because of our excessively artificial definition of monopoly. We have attempted to exorcise monopolies whenever our legal apparatus could prove that they existed, without recognizing that three-fourths of our economic structure is shot through with monopolistic competition. Since the war has given a further impetus to the concentration of industry, it is all the more necessary that we should pursue a new tack and lay down the criteria as to what are and what are not desirable price and investment policies for big or trustified business.

One other policy which should be developed in connection with manpower is a program for shorter hours. Probably the majority of persons in war plants are now working beyond the optimum

number of hours per week. A 40 hour week throughout industry, with sustained average weekly earnings, would greatly raise the health and efficiency of industrial workers, and would also help to close the employment gap.

D.—Administrative Framework

The postwar policies outlined above can be put into effect satisfactorily only with the greatest cooperation between federal, provincial and local governments. Given political agreement, the numerous constitutional and legal obstacles can be swept away in short order, as was shown in 1940 by the passage of the legislation required for the setting up of the Unemployment Insurance Commission. To obtain such agreement, however, great care will have to be taken to distribute burdens and benefits in an equitable manner. This policy is discussed in detail in succeeding articles. But inter-governmental cooperation is only half the battle. Unless we can so organize our regular government departments and our autonomous services in such a way that they may be sensitive to the pressure of public opinion and quick to receive and develop new ideas and techniques, we shall suffer from the cumulative errors of an atrophied civil service. The situation can be corrected only by a combined attack on the rigidities which exist in civil service organization and personnel.

In the realm of private employment, the Employment Service of Canada will have an enormous responsibility, particularly in the demobilization period, for directing occupational skills into the right jobs. Under the pressure of the Selective Service regulations the Employment Service is gradually taking shape. It is vital that by the end of the war it should be a strong well-knit placement agency, for the burden on its local offices in the first two years after the war is likely to be greater than at any time during the war.

E.—Present Preparations

Although it is Utopian to prepare detailed plans for reconstruction in fields

which are primarily dependent on the state of international economic relations, there are three types of current planning which are decidedly worth while.

The first covers preparations for the first stages of demobilization—the order in which troops and war workers are to be demobilized, the problems of reconversion of war industry, the institution of public works programs, etc. Useful preparatory work has already been accomplished by the various sub-committees of the General Advisory Committee on Demobilization and Rehabilitation and by the Committee on Reconstruction. As far as the armed forces are concerned, a pre-enlistment occupational history survey has been taken of every person in the army, navy and air force which has already been of assistance in connection with war-time manpower problems. This survey will need to be supplemented by placement interviews just prior to demobilization, in order to record changes in qualifications and in occupational preferences.

Work on the preparation of a Public Works Reserve is only in the preliminary stage. What is needed eventually is not merely a list of desirable projects but actual engineering plans and financing

arrangements covering a preferred group of projects.

The second category of postwar planning comprises the preparation of minimum standards of social welfare and social security. Work along these lines has been described in preceding articles.

The third type consists in concrete research into the industrial and employment structure of the Canadian economy. No matter what general reconstruction policies are finally adopted after the war they cannot be pursued quickly and efficiently without detailed knowledge of the structure of each main industry, of its inter-relations with other domestic and foreign industry, and of its postwar conversion problems. Only with the aid of such industry studies can we estimate the "employment content" of different postwar programmes and the effect of each on different regions of the country. They can be conducted on both national and regional levels and can give focus to and coordinate regional studies and plans made by local bodies. In sum, industry studies are instruments which will be required by most of the executors of postwar policies and which should therefore be fashioned without delay.

Improving Relations Between Management & Labour

By H. A. LOGAN

LABOUR relations in the reconstruction period, like other phases of our institutional set-up, are not to be regarded as something complete and static but rather as passing through a stage of development. Experience of social process everywhere teaches us we must regard them as dynamic. Admitting the necessity for a framework for the

new order—which structure I leave to others in this issue to portray—I shall attempt to suggest the lines of evolution that industrial relations are likely to take as they develop in conformity to this proposed frame. In the main—assuming the frame as outlined—I suspect we shall be operating industrial relations through devices and principles already well known and tested, but with new applications, extensions to new areas, changes in the quality of the instruments, and in some instances essential changes in their control. I am happy to announce in advance

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