

Labor Scarcity and Labor-Market Policy Under an Armament Program in Germany and Great Britain

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Striking similarities in the pattern of labor shortages that developed in Germany and Great Britain as a result of military mobilization and armament production suggest some current problems in the United States. Although, for many reasons, neither German nor British experience is wholly relevant, analysis of procedures in these countries reveals factors inherent in the development of labor-market policy and administration in wartime.

THE MECHANIZATION of modern warfare is responsible for basic similarities in the pattern of labor-market conditions that unfolds under a modern armament program. The numerical strength of armies is now limited by the availability of industrial workers able to keep them equipped not only with munitions but with the latest models of airplanes, tanks, and motorized transports. Pressure to secure labor for armament needs has been greatly augmented. During former wars, labor shortages, primarily of unskilled labor, eventually developed as a result of the demand for munitions. Today, the need for mass production of mechanized combat units, combined with the military requirements for mechanical maintenance, has changed the nature of war-labor demands.

Characteristic of modern armament programs is the early appearance of shortages of skilled workers. At first such shortages are localized and limited to highly skilled occupations, but inevitably they become geographically and industrially more widespread as the reemployment of multi-skilled and unit-skilled unemployed workers progresses. At length the point is reached when the available supply of unemployed workers previously employed in the metal trades is exhausted. It then becomes necessary to utilize the services either of remaining reserves of unemployed workers or of skilled workers employed in related occupations in other industries. Finally, as a result of increased production demands and military drains,

the reemployment process may reach the point where available unemployed reserves are virtually exhausted and it becomes necessary to curtail employment in nonessential industries and recruit workers not previously attached to the labor market. Employer competition for workers, coincident with and even antedating the development of actual labor shortages, increases as the scarcity of labor becomes more acute. More and more, widespread employer pirating, spiraling wage rates, and increasing labor turn-over, in addition to military drains, tend to disorganize and disrupt armament production.

The degree of labor scarcity primarily controls the application of governmental labor-supply policy. Nevertheless, institutional factors are responsible for essential differences in the basic approach to the formulation and enforcement of labor-supply policy. The Germans began with a blueprint of a controlled economy in which labor, equally with raw materials, was looked upon as a resource needed for armament expansion. The British, on the other hand, began with a relatively free economy in which the labor market was influenced by long-established and widespread worker organizations which were represented politically by actual participation in government. In Great Britain, for instance, adherence to the democratic principle of discussing labor-supply legislation with labor representatives to obtain agreement on basic policy prior to enactment characterized the introduction of labor-market controls. Such practices were absent in Germany, because trade-unions in the traditional sense had ceased to exist. Political aims and economic precedents thus affected the method of introduc-

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tion, the scope, and timing of labor-market measures. Differences in general economic conditions also accounted for minor variations in the nature of the labor shortage and, therefore, in the character of the required measures.

Variation in general climatic conditions in the two countries explains differences in the nature of the labor-shortage problem. Seasonal unemployment is more marked in Germany than in Great Britain, largely as a result of the greater importance of agriculture. The acute agricultural-labor shortage in Germany that antedated the Hitler regime had no counterpart in Great Britain. The timing factor also accounts for differences in the state of the labor supply. Hitler started his program, directed to an all-out war effort, in March 1933, during a major trade depression when unemployed reserves were markedly large. The British undertook a relatively small armament program in the spring of 1936 during a period of recovery. In March 1933, reserves of unemployed workers totaled more than 6 million in Germany, compared to a total employment of 13 million, whereas there were only 1.9 million unemployed persons in Great Britain in March 1936, as compared to an estimated total employment of 11.5 million.

Following the policy of adapting the total economy to permit maximum utilization of available manpower for armament purposes, Germany, as labor reserves dwindled, progressively extended labor control over all fields of economic activity. Great Britain, proceeding on the theory that government regulation of industry was an emergency measure, limited the area of labor control to industries essential to the armament program. Other than enforcing production curtailment the British did not attempt to regulate employment in nonessential consumer-goods fields until leakage of labor released from nonessential industries forced the adoption of such policy.

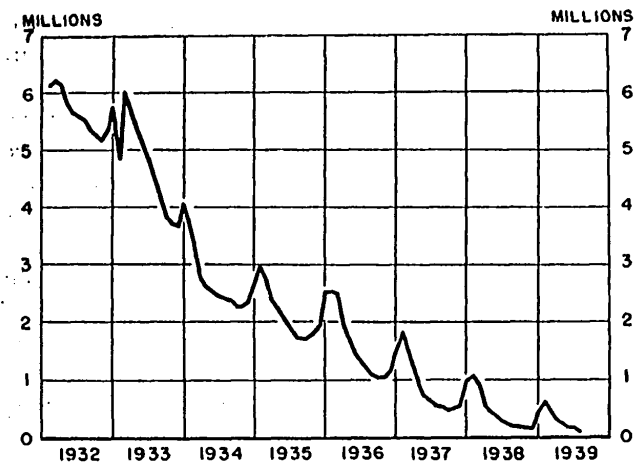
German labor-allocation procedure was based on an occupational approach to the problem. As shortages developed, employment service control of hiring was extended over similar and related groups of occupations regardless of industry lines. This approach promoted effective utilization of the labor supply in two ways: it permitted maximum use in armament industries of unemployed and employed workers from nonessential fields of employment with a minimum of labor loss, and it

promoted widespread inter-industry dovetailing of seasonally unemployed workers. The British policy of control on an industry basis promoted intra-industry stabilization of employment but did not foster transfer from nonessential to essential industries on the basis of similar or related occupations cutting across industry lines. It also permitted labor from curtailed nonessential industries to be absorbed in nonessential instead of essential fields.

Differences in labor-market policy between the two countries relate to the scope and method of introduction and enforcement of compulsory controls. Under pressure of acute labor scarcity, Germany did not hesitate to introduce compulsory labor control and made no provision for appeal machinery other than the right to lodge a complaint with the national production administration. On the other hand, Great Britain consistently pursued the policy of safeguarding established worker rights and continued to enlist the cooperation of workers prior to the introduction of compulsory controls. A labor representative in the Cabinet undertook the responsibility for formulating labor-market policy. Joint employer and trade-union national and regional advisory boards aided in this task. Before introducing compulsory control of hiring and separation in essential industries, the British utilized established collective-bargaining machinery to negotiate minimum wage rates and other conditions of work. This method of approach may have somewhat slowed down the rate of increase in armament production, but it has had the important advantages of reducing labor control compliance problems to a minimum and contributing to the maintenance of worker morale, factors which cannot be overlooked in connection with achievements after Dunkirk. Nevertheless, in both countries, hiring controls could not be properly enforced to make workers accept employment in occupations where established wage rates or working conditions, or both, were markedly less favorable than other available employment opportunities.

Maximum utilization of the available manpower to increase armament production under conditions of rapidly developing labor scarcity, however, required the same basic regulation of the labor market in both countries in regard to hiring, training, worker transfer and separation, and bringing new workers into the labor market. In each

Chart 1.—Unemployment in Germany, January 1932–July 1939¹



¹ From March 1935, Saar included; from January 1939, Austria and Sudeten provinces included; from June 1939, Memel included.
 Source: *Reichsarbeitsblatt*, Feb. 1932–Aug. 1939.

country a national employment service was entrusted with this task, and its functions changed from assisting workers to find jobs and aiding employers to obtain qualified workers to that of exclusive control of hiring in fields of employment where the labor shortages were acute. To its original functions were added such new duties as the transfer of workers from nonessential to essential employment and the control of separation from employment. The employment service was also given the authority to collect whatever information was deemed necessary from employers and workers, to direct vocational guidance and worker training, to control wages and working conditions, and to enforce the introduction of improved industrial techniques.

Other aspects of labor-market policy are similar in both Germany and Great Britain. Both countries made provision for safeguarding labor reserves of essential armament industries from compulsory military service. Both countries, initially or eventually, made extensive efforts to train workers and required employers in essential industries to assume major responsibility for the task. There was increasing placement of workers from non-essential industries with skills closely related to the skills needed in armament industries, utilization on military construction projects of workers long unemployed, and the reconditioning of so-called unemployable workers for permanent employment. Although unemployment among certain

classes of workers, notably older workers and married women, inevitably accompanied curtailment of nonessential production, it was recognized that the extent of local utilization of displaced workers in new or converted plants measured the degree to which the change-over from nonessential to essential work was accomplished with the minimum of labor displacement. Introduction of comprehensive labor-market measures also necessitated development of fact-finding and enforcement machinery in both countries on a national, regional, and local basis. When shortages of workers for essential industries became acute, the employment service administration merged with the armament production administration and the department of labor on a national and regional basis for joint consideration and solution of production and labor-supply problems.

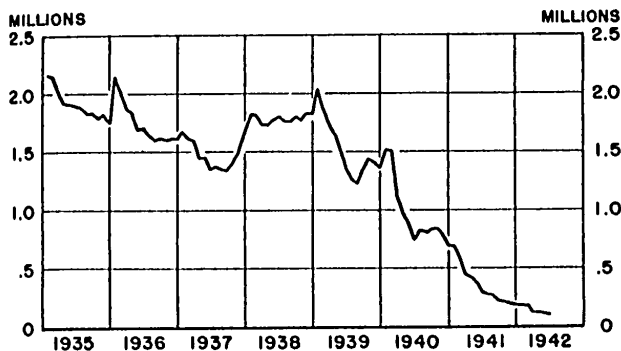
Nature of Labor Shortage

The armament program in Germany is considered as dating from Hitler's accession to power in the spring of 1933. At that time, reserves of unemployed workers numbered almost 6.4 million (chart 1).¹ Agricultural-labor shortages appeared as early as the spring of 1933, coinciding with the Nazi attempt, as the first step in armament, to increase agricultural production to the point of economic self-sufficiency. Local shortages of skilled building workers and skilled metal workers in smelting and rolling mills were not officially reported until 2 years later, in the spring of 1935. Except for seasonal increases during winter months, the number of unemployed in Germany steadily decreased to less than 74,000 in July 1939, and by October 1940, the last month for which data are available, it had shrunk to 32,000 persons, not more than one-tenth of whom were both employable and available for transfer to essential work. Reserves of unemployed agricultural workers diminished from 47,000 in September 1934 to 3,000 in May 1938. Reserves of unemployed metal workers were virtually exhausted early in 1937, less than 3 years after the first official reporting of local shortages in metal trades. In January 1939 the national labor shortage was estimated at 1 million. Private building projects, which had been put off for lack of labor, were again post-

¹ This figure includes 5.6 million reported unemployed and the estimated 799,000 reserves of "invisible unemployment."

poned. During 1940 these conditions were somewhat relieved by the importation of foreign workers and prisoners of war, but by the fall of 1941 the shortage had grown more acute, undoubtedly as a result of the military-labor demands of the Russian campaign. The unfavorable turn of events in the winter campaign in Russia introduced even greater labor scarcity and necessitated increased use of German women and foreign labor and the paring down of labor requirements in all branches of the national economy.

Chart 2.—Unemployment in Great Britain, January 1935–October 1941



Source: Ministry of Labour Gazette, Feb. 1935–July 1942.

The decrease in British unemployment was slower and less continuous. Between March 1936, when the first Defence Programme was adopted, and June 1942, the number of unemployed declined from approximately 1.9 million to 134,000 persons (chart 2). Local shortages of workers in skilled occupations in the construction and engineering (machinery) industries were reported a month after the armament program was instituted. These shortages continued during 1937 and early 1938 and spread to shipbuilding. They disappeared during the trade depression of 1938, when total unemployment increased markedly. The downward trend in unemployment was again interrupted in October 1939, after war was declared, as a result of the contraction of nonessential industries, including building, and dislocation in trade caused by evacuation of business from danger areas, diversion of shipping, and rationing of gasoline.

Following the increase in the drive for armament production which took place after the declaration of war in September 1939, competitive defense and nondefense employer bidding for skilled workers

in building trades increased. Offers of increased wages and the use of labor scouts augmented labor turn-over and the general disorganization of the labor market. By the spring of 1940, further increase in armament production, extensive factory construction, and expansion of the Army had nearly exhausted the reserves of skilled and semi-skilled metal and building trades workers. In April, registered unemployed workers in occupations in the metal industries² had fallen below 100,000. By July the number of unemployed in the building industry was also below 100,000, and shortages were developing in other essential industries, particularly mining and agriculture. Nevertheless, unemployment increased in the spring and summer of 1940 following more extensive curtailment of production in nonessential industries employing large numbers of women. The total number of unemployed workers, however, declined to 790,000 by November, when the Ministry of Labour made it known that a million more workers would be needed for the munitions industry by August 1941. By the spring of 1941, total reserves of the unemployed were approaching exhaustion. By June 1942, potential unemployed labor reserves had fallen to 106,600, and nearly 28,000 other unemployed persons had been declared unsuited for either full-time or normal industrial employment.

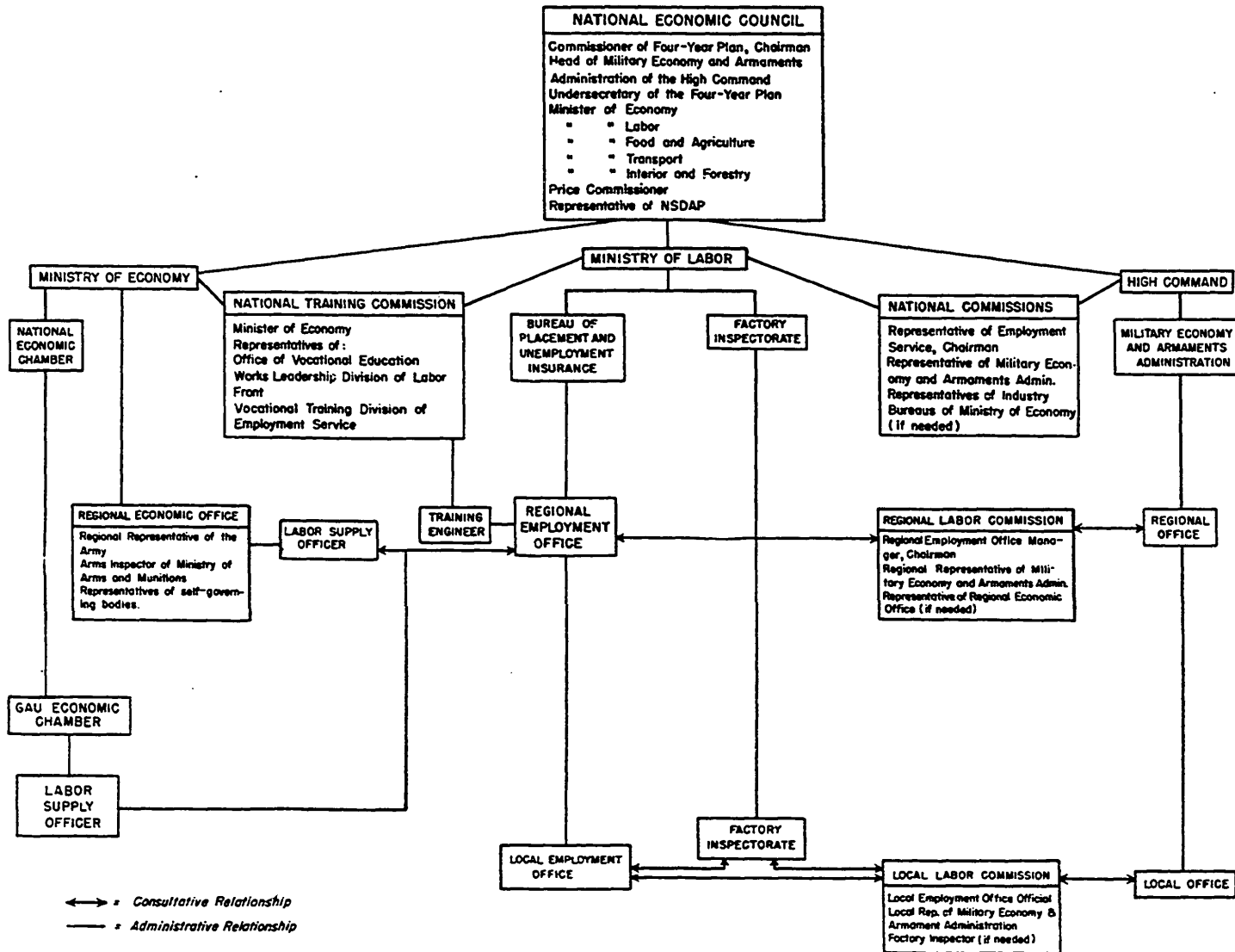
Administrative Patterns

Germany.—The Nazi government ushered in the armament program by compulsory cartelization of industry in the fall of 1933, 3 months after extensive building of roads, factories, and air-dromes had been started on a public works basis. By the end of 1934, compulsory trade associations existed in virtually all branches of economic activity. In the spring of 1933, labor organizations were transformed into a single government agency, the Labor Front, under the control of the National Socialist Party. Membership in this organization became compulsory for all workers.

Government control of production policy was inaugurated in the fall of 1934, when employer competition for skilled workers in the metal trades was beginning to disturb the continuity of employment in armament industries. In November

² Defined broadly to include all iron, steel, and nonferrous-metal products, machinery, shipbuilding, and other metal industries.

Chart 3.—Labor-supply administration in Germany¹



¹ Chart represents only agencies concerned with problems of labor supply (as of April 1942).

of that year the Minister of Economy, under the first Four Year Plan, assumed direct supervision over the compulsory trade associations by setting up a National Economic Chamber and regional³ economic chambers to centralize economic planning. Private regional chambers of industry and commerce continued to function under the supervision of regional economic chambers.

The industry blueprint adopted in 1934 by the first Four Year Plan, to combat future scarcities of labor, raw materials, and power, called for development of large-scale mass production by concentrating armament efforts in large concerns, most of which were government operated. These concerns were to receive orders directly from a unified military-supply administration. As the necessity arose, labor and raw materials were to be transferred to them from less efficient smaller plants.

National inspection of working conditions and worker placement were in existence when the Nazi regime was inaugurated. The former was a function of the Ministry of Labor; the latter constituted an important part of the work of an autonomous organization, the National Bureau for Placement and Unemployment Insurance.

There was extensive development of these various government agencies at regional and local levels. The administrative structure of the Labor Front furnished the basic pattern of organization for controlled employer organizations. This pattern, starting with the smallest industrial unit—the plant group—provided for representation in local, regional, and national groups in all industries, both single and allied. Thus, within each region, employer and labor groups considered regional problems and policies. In the spring of 1935 the High Command established regional military economic offices for the selection and inspection of essential factories engaged on military orders. The employment service likewise had regional offices, and government officials—labor trustees—were in charge of drawing up collective rules regulating working conditions in each region.

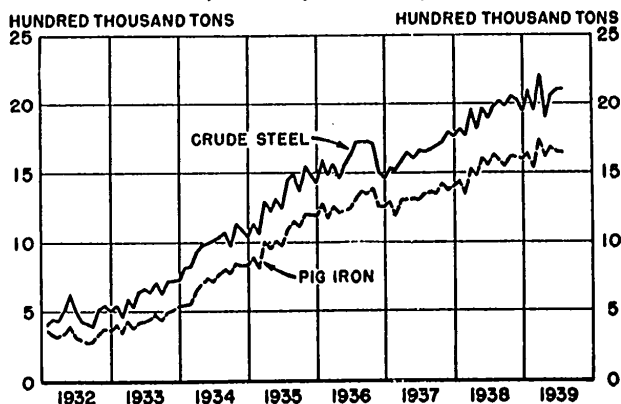
In many respects local administrative units

³ The term *Bezirk*, here translated "region" although ordinarily translated "district," is used to describe administrative subdivisions of the national government which, although influenced by the boundaries of originally independent feudal states, were primarily determined on the basis of homogeneous economic activity and density of population. Despite their small size, these administrative units correspond to administrative regions in the United States.

paralleled regional organizations. The local employment service and local representatives of the Labor Front and of controlled employer organizations functioned in each community.

Administrative changes announced in October 1936 were the government's answer to the growing

Chart 4.—Iron and steel production in Germany, by month, January 1932–July 1939¹



¹ From March 1935, Saar included; from April 1938, Austria, Sudeten provinces, and Memel included.

Source: *Wirtschaft und Statistik*, 1932-39.

volume of unfilled vacancies and increasing scarcity of raw materials in blast furnaces and rolling mills, and the failure of iron and steel to maintain the previous rate of production (chart 4). The administration of the second Four Year Plan was designed to speed up lagging armament schedules by concentrating on achieving self-sufficiency of raw materials, increasing the effective utilization of the available labor supply, and extending government control of prices and raw materials. Administrative integration was sought by making the head of the National Bureau for Placement and Unemployment Insurance director of the Administrative Section of the Division of Labor Allocation in the second Four Year Plan.

At the end of 1936, when shortages of skilled metal workers became acute, government control over the distribution of industrial resources was extended. Supervisory offices undertook the direct allocation of both domestic and imported raw materials, and the employment service was authorized to introduce preferential allocation of labor in the metal industry.

In the spring of 1938, in the interests of simplified administration, the major functions of the second Four Year Plan, primarily concerned with

raw materials and industry control, were transferred to the Ministry of Economy. Henceforth, the functions of the second Four Year Plan were confined to the regulation of prices, forestry, and transportation, and the solution of food and labor-supply problems. The Ministry of Economy assumed the major responsibility for formulating and directing industrial policy and the distribution of raw materials.

At regional and local levels, the distribution of scarce basic raw materials in nonessential industry became dependent on the availability of requisite labor when the employment service was authorized to distribute assigned quotas of iron orders, first to nonessential construction projects and later to all forms of nonessential industry.

Need to eliminate competition between government agencies and to centralize planning, as well as to limit employer rights and allow the employment service greater freedom to reallocate employed labor, was responsible for additional streamlining of national industrial control in 1938 and 1939. In September 1939, following the declaration of war, the last vestige of competition between government departments was removed by transferring to the Ministry of Economy the remaining administrative functions of the second Four Year Plan. At the same time, a National Economic Council was established under the leadership of Reichsmarshal Hermann Göring to determine the policy of the war economy. This Council comprised the Minister of Economy, the Minister of Labor, the Minister of Food and Agriculture, the Minister of Transport, the Minister of Interior and Forestry, the Under Secretary of the second Four Year Plan administration, the Price Commissioner, the Chief of the Military Economy and Armaments Administration of the High Command, and a representative of the National Socialist Party.

There was also increased centralized direction of labor-supply policy. A national training committee was established, composed of the Minister of Economy and representatives of the Office of Vocational Education, the Works Leadership Division of the Labor Front, and the Vocational Guidance Division of the Employment Service. National commissions were formed to investigate labor requirements and special industrial problems of large concerns. These commissions, presided

over by a member of the national employment service administration, were composed of members from the national armaments administration and, when necessary, representatives from the appropriate industry department of the Ministry of Economy.

Increased integration and centralization of controls over the national economy were accompanied by increased decentralization of administration to permit greater local utilization of plant facilities, raw materials, and labor for armament production. A number of factors accounted for this change of policy: the costliness, waste, and problems of transportation which had resulted from the policy of wholesale transfer of raw materials and workers from small to large firms; the increasing need to assure maximum effective use of the available, especially the skilled, labor supply; the necessity of curtailing nonessential employment to secure additional workers for war industries; and the difficulty of enforcing the large-scale compulsory transfer of labor.

Regional administration in all fields of armament production was developed and coordinated to enable the resources of a given region to be fully explored and utilized before economic activity in the region was disturbed. Regional economic offices were opened by the Ministry of Economy to coordinate production problems of armament industries, cooperate in rationing raw materials, and administer consumption-goods rationing. Membership of these offices included regional representatives of the military inspection and armament administrations and of employer groups in industry. In important essential industries, a regional commissioner was appointed as the official representative of the national commissioner for each region, to work out special industry problems in cooperation with the regional economic office. Regional clearing offices were set up to spread armament orders among small concerns. Armament orders still continued to be placed directly by the military-supply administration in the case of the large "W" or essential plants. Regional distribution by the employment office of orders for basic scarce raw materials for nonessential construction work was also extended to include steel, lumber, and cement, as well as iron.

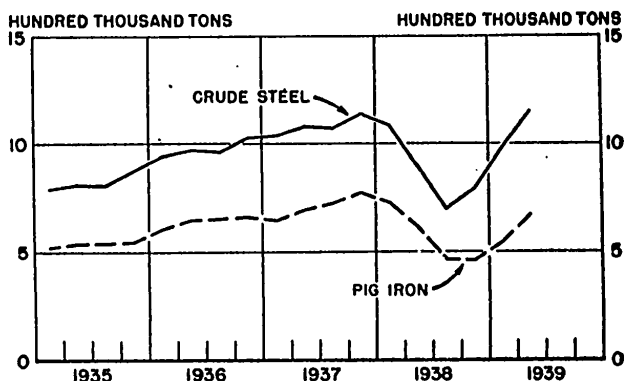
Regional coordination between armament labor-supply and production administrations was widely

developed. Regional commissions collected information and investigated conditions in plants with 200 or more workers to determine whether the labor demands were justified and whether labor-control regulations were being followed. These commissions were presided over by the placement officer of the regional employment office, or an especially experienced manager of the local employment office, and included regional members of the military-supply administration, and, if the occasion demanded, a representative of the regional economic office. Special labor-supply officers were also appointed for regional chambers of industry and commerce and the newly organized regional economic offices, to work out labor-supply problems with the regional employment offices. The regional labor trustee became head of the regional employment office, to coordinate control of wages and working conditions with the labor-distribution problem. Training engineers, responsible to the national training committee, were assigned to each regional employment office to direct the vocational training and retraining programs within the region.

Local community organization was similar. Local commissions, charged with the investigation of employers with 50-200 workers, differed from the regional commissions only by the addition, if the occasion demanded, of local factory inspectors and technical advisers. The local employment office manager likewise assumed direct control over working conditions by becoming the agent of the labor trustee.

In 1942, pressure to maintain military superiority and to free additional manpower for military needs was responsible for concentration and rationalization in industrial fields. National holding cartels under government supervision were established in the iron, coal, and textile industries. An Armaments Council, composed of representatives of the Army and industry, was set up for the purpose of improving industrial processes. The regional economic administration was simplified, to release labor both from the bureaucracy and from industry. The regional economic chambers were dissolved and replaced by *Gau* (National Socialist Party district) economic chambers. Many of the private chambers of industry and commerce were dissolved, and the others were amalgamated in the *Gau* economic chambers. At the same time, controls for distributing raw ma-

Chart 5.—Iron and steel production in Great Britain, by quarter,¹ 1935–June 1939



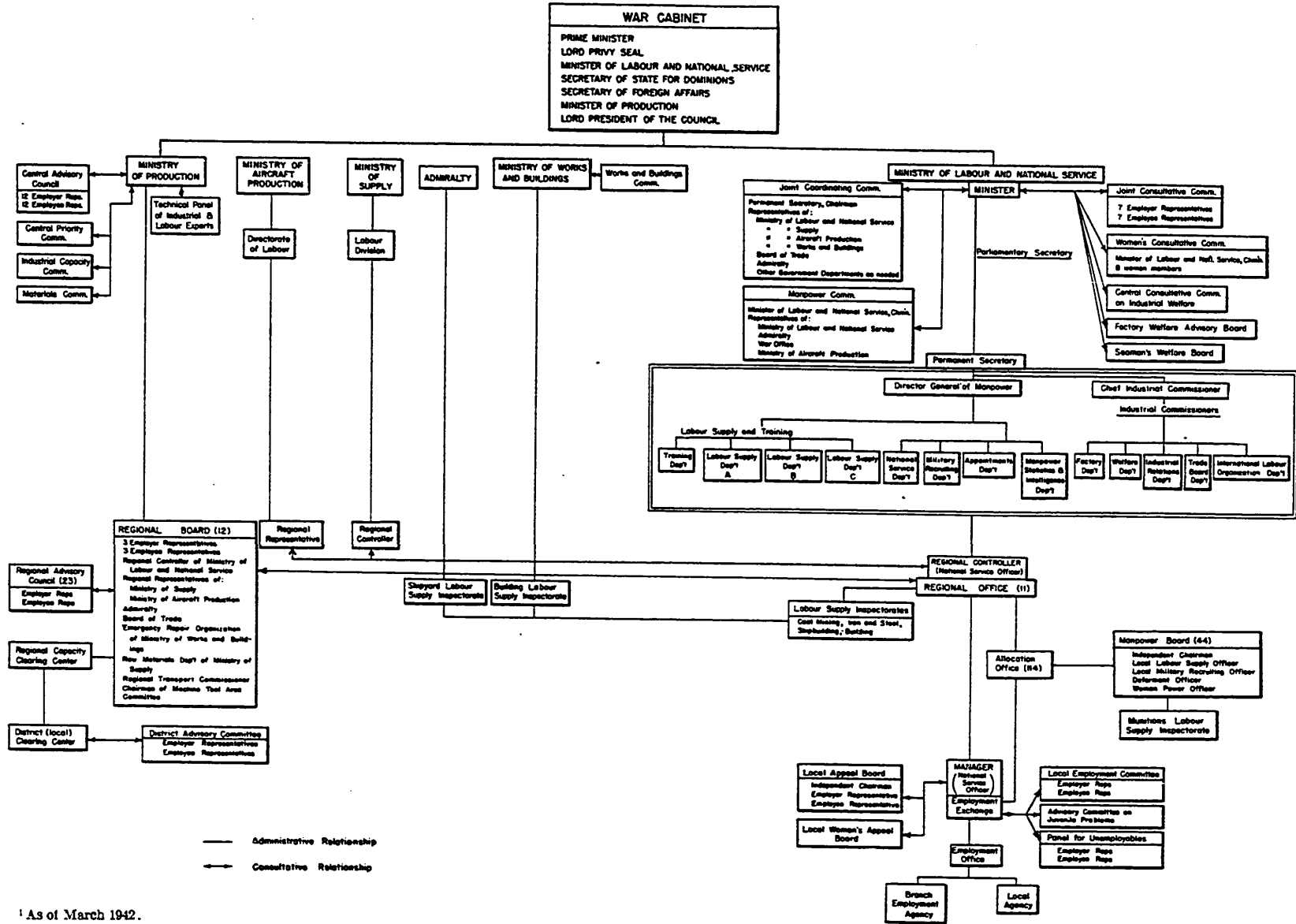
¹ Average monthly figure for each quarter.
Source: *Ministry of Labour Gazette*, Feb. 1940.

terials to employers were simplified, but heavy penalties were set up for false reporting of either labor or raw-material requirements.

Developments in labor-allocation administration placed the employment service under the control of the National Socialist Party. In March the *Gauleiter* (party district leader) of Thuringia was appointed Deputy General for Labor Allocation, in which position he was authorized to control directly both the wage and labor-allocation divisions of the Ministry of Labor. In April, party district leaders were appointed as his deputies and, in this capacity, authorized to issue directions concerning labor-allocation policy to presidents of regional employment service offices.

Great Britain.—The government attempted to execute the first Defence Programme of March 1936 by the traditional parliamentary process of coordinating committee action. A new Minister for Co-ordination of Defence endeavored to obtain the wholehearted cooperation of various branches of the government, employers, and trade-unions without disturbing peacetime conditions. This program failed of accomplishment largely from lack of executive powers which would have permitted effective planning and organization of armament production. Employers were opposed to any disturbance of "business as usual" and distrustful of extension of government control of production. Craft unions in key metal trades were unwilling to permit job dilution or relax apprenticeship restrictions. The slight increase in iron and steel production between 1936 and the spring of 1938 and the decline during the general

Chart 6.—Labor-supply administration in Great Britain¹



¹ As of March 1942.

recession in 1938, shown in chart 5, indicate the limited extent of war efforts during this period.

National control of armament production dates from the appointment of a Minister of Supply in July 1939, 5 years after the first demand for such action was made in the House of Commons and only 2 months before the outbreak of actual warfare. The new Minister received broad authority to control raw materials and the production of Army munitions. Specifically, his powers included the authority to regulate production, distribution, and prices in war plants, and in this connection to require necessary information from employers.

Efforts to control the distribution of armament-production resources were confined to an attempt to classify the relative importance of competing claims for scarce raw materials without centralized control. The Ministerial Priority Committee, to whom this function was assigned, was composed of the Minister for Co-ordination of Defence, the Minister of Supply, the First Lord of the Admiralty, the Secretary of State for War, the Secretary of State for Air, the President of the Board of Trade, the Minister of Labour, and the Financial Secretary of the Treasury. This form of priority organization, however, proved ineffectual, because each one of the participating government departments was free to determine the priority of a given raw material.

Government agencies were already functioning in a number of labor-market fields. The national employment service in the Ministry of Labour, with its divisional⁴ and local offices, was the official public placement system for workers covered by unemployment insurance; national factory-inspection laws were enforced by the Board of Trade; and national wage regulation in a number of industries was carried on by trade boards and joint statutory bodies.

Prior to the spring of 1940 there was little development in the national administration of labor-market problems except the Minister of Labour's assumption of direct control over the employment service, the enforcement of factory regulations, and the beginning of joint employer and worker participation in the formulation of labor-market policy. After the declaration of war the title of the Minister of Labour was

changed to Minister of Labour and National Service, and authority to enforce the Factory Acts was transferred to his Ministry. At the same time a National Joint Advisory Council, comprising 15 representatives each from employers and workers, was formed to advise the government on matters of interest to both groups. In the face of a national emergency, the trade-unions supported further extension of national control over essential industries and consented to support job break-down.

Regional development of the national armament administration started in the latter part of 1939. Area supply boards under the Ministry of Supply, designed to increase the participation of small firms in the program, began to be set up in regions roughly comparable, geographically, to the employment service divisions.

Early in 1940, armament-production policy was integrated at national and regional levels, and administration of raw-material priorities and labor supply was more highly centralized. In May the Ministerial Priority Committee was replaced by the Production Council which, concentrating on the production aspects of the armament program, continued to include the Minister of Supply, the First Lord of the Admiralty, the Minister of Aircraft Production, and the Minister of Labour and National Service, but did not include the Secretary of State for War, the President of the Board of Trade, or the Financial Secretary of the Treasury; added were the Minister of Agriculture, the Minister of Mines, and the Minister without Portfolio. The title of the body revealed a new emphasis on eliminating machine-tool and skilled-labor bottlenecks by spreading government contracts to small as well as large firms. In October a new department of the government, the Ministry of Works and Buildings, undertook the supervision of building materials and the construction industry to prevent material shortages from impeding armament construction.

The administration of raw-material priorities was centralized by giving controllers in a Central Priority Department of the Ministry of Supply the exclusive right to issue priority certificates for strategic raw materials to all consumers, including government departments. Nevertheless, efforts to direct the distribution of armament-production resources continued to be concentrated on preferential distribution of industrial resources on the

⁴ The division is an administrative subdivision of the national government and, despite its small size, corresponds to the region in the United States.

basis of committee decisions. The general direction of production priorities, on which raw-material preferentials were based, emanated from policy laid down by the War Cabinet under the Prime Minister, who was assisted by the Ministers of Labour and Supply, among others.

Under the chairmanship of the Minister of Labour and National Service, a Labour Supply Board, composed of the Parliamentary Secretary, four officers of the Ministry of Labour, and two industrialist and two labor representatives, became the policy-making body for placement, transfer, training, and dilution. The National Joint Advisory Council, changed to the Joint Consultative Committee with a membership of 14, became the official advisory committee on labor-supply policy. The training department of the Ministry of Labour and National Service and its attached inspectorate undertook the task of developing public training centers to meet war-production needs.

Administrative changes on a regional basis integrated previously independent government agencies concerned with developing armament production, placement, and labor inspection. Area boards were taken over by the Production Council. The controller of the divisional employment office was the chairman of each area board and, in this capacity, adjusted difficulties over priorities of contracts, especially in relation to competing labor demands. Other members of each area board included officers from the Admiralty, the Ministries of Aircraft Production and of Supply, and occasionally a representative of the Board of Trade; these members were individually responsible to their respective Ministries.

At first, area boards were advised by committees composed of an equal number of representatives from employer and trade-union organizations. Later, in the interest of more direct action, three representatives of the industrialists and three of the trade-unions became members of each board, and the advisory committees were called together merely for consultation.

Local labor-supply committees were also set up in each important munitions area to handle the regional labor-procurement problem. These committees, of which the manager of the local employment exchange was always a member, were composed of a chief and two other labor-supply officers, selected for their practical knowledge of

industrial conditions, and the local factory inspector and welfare officer. Labor-supply inspectors, frequently former union officials, were attached to the regional offices and worked under their direction. Special labor-supply committees were subsequently established to procure shipyard labor, and inspectors were assigned the task of procuring labor for special branches of military supplies. Building and dock labor-supply inspectorates were also appointed to do similar work but reported directly to their respective Ministries.

The number of frequently competing labor-supply inspectors in a community depended on the number of essential industries located therein. Their functions were many and various. They negotiated agreements with unions to transfer workers to other industries; examined employer labor demands in terms of the possibility of redistributing skilled labor, subdividing industrial processes, introducing job dilution and additional training; arranged for the recruitment and placement of trainees in training courses; and investigated infringements of labor control legislation and standard working conditions.

Recommendations of the labor-supply committee, based on inspectors' reports, were transmitted to the employer. In case the employer or worker objected to transfer, final decision was rendered by the divisional controller, in conjunction with the area board representative for the industry concerned; the decisions were based on priority directions issued by the Minister of Labour on the advice of the Labour Supply Board. The regional controller or one of his deputies or the employment exchange manager, as national service officers directly responsible to the Minister of Labour, were in charge of administrative arrangements for transferring workers from nonessential to essential work.

At the same time, the Ministry of Aircraft Production and the Ministry of Supply established their own labor-requirements divisions. In each region, representatives of these divisions were chiefly concerned with convincing the regional controller of the Ministry of Labour and National Service that the production activities under the control of their respective Ministries should have prior claim to available labor.

The Production Council, in which decisions were reached on a coordinating committee basis, was replaced in January 1941 by the Production

Executive under the chairmanship of the Minister of Labour and National Service. Membership in this body was limited to Cabinet Ministers directly concerned with the immediate need for further curtailment of nonessential industry to secure additional labor for war industries. In addition to the chairman, the Production Executive included the Minister of Supply, the Minister of Aircraft Production, the First Lord of the Admiralty, and the President of the Board of Trade. An Imports Executive, with substantially the same membership, was also established under the chairmanship of the Minister of Supply to control imports and the production of export goods. Decisions of these two executive bodies were coordinated by the Lord President's Committee, directly under the Prime Minister, of which both the Minister of Labour and the Minister of Supply were members. Ministers responsible for home security, fiscal policy, and post-war planning were also members of this Committee, which acted as the main coordinating medium for the War Cabinet.

During July 1941, criticisms were leveled at the lack of national planning, the lack of centralized control, the extent to which the various government departments, frequently working at cross purposes, competed for raw materials and labor, the existence of three separate series of priorities—production, raw materials, and transport—and the lack of any ordered system of labor priorities.

A number of new developments in the latter part of 1941 and the first half of 1942 indicated a trend in the direction of increased national planning and production control. The sphere of governmental control over industry, especially in employment fields, was widened by the application of the Essential Work Order to an increasing number of essential industries and government control of coal mining. As the first step toward centralized national planning, a Central Joint Advisory Committee was formed to advise the Production Executive and coordinate regional production problems.

The Central Priority Department was replaced by a Central Priority Committee under the Production Executive. The new committee was composed of the principal priority officers of the Ministries, under the jurisdiction of the Production Executive. These officers were now authorized to issue, in addition to the older form of

raw-material certificate based on the importance of special classes of munitions, emergency production certificates for specific contracts or projects whenever bottlenecks existed in a particular production field. In addition, raw materials began to be directly allocated for public building.

Centralization of production controls extended to regional levels. Area boards, with their names changed to regional boards, were made directly responsible to the Production Executive, and their membership was increased to represent all aspects of regional production problems. Their functions, however, remained mainly advisory. At this time the Regional Controller of the Ministry of Labour and National Service was removed from the chairmanship; henceforth the chairman was chosen usually from the employer representatives and the deputy chairman from the employee representatives. In their enlarged sphere of action, they advised on production problems and, in a few areas, supervised regional and local capacity clearing centers for spreading contracts.

During 1941 and early 1942, changes were made in labor-supply administration reflecting three main trends. These were: expansion and centralization of labor control, increased influence of official bodies as opposed to nonofficial groups, and greater emphasis on industrial efficiency. Early in 1941 the Labour Supply Board was dissolved and replaced by a Joint Coordinating Committee. In contrast to the Labour Supply Board, which was composed of equal numbers of official and nonofficial representatives, this Joint Coordinating Committee comprised the Minister of Labour and National Service as chairman, and representatives of government departments concerned in the war-production effort. This change indicated recognition of the need for national reconciliation of conflicting labor requirements, primarily on the basis of the relative importance to the war effort of different classes of products. In February 1942 the Manpower Committee, an interdepartmental committee attached to the Production Executive and dealing with military and civilian requirements, was transferred to the Ministry of Labour and National Service. Thus, a further step was taken toward centralizing labor-market control in this Ministry.

Direct control of the allocation of manpower between the armed forces and industry and between nonessential and essential industries was central-

ized in December 1941 at the regional level in 45 manpower boards. Utilizing the sanction of military conscription, the manpower boards, after an investigation by a labor-supply inspector, decided whether a worker should be placed in military or civilian service, and if the latter, whether he could not be more effectively used in more essential employment. Emphasis was placed on shifting workers from firms in which stocks had piled up or which were producing material of less immediate importance to more urgent work. In doing this, the boards took over the functions of the local labor-supply committees, which they replaced, and assumed complete responsibility for administering a system of exemption from military duty solely on the basis of individual deferment; they also conscripted women for military and civilian service. The labor-supply inspectorate in charge of military-supply fields was transferred from the regional offices to the manpower boards. There was a trend toward the appointment of production engineers, instead of former trade-union officials, as labor-supply inspectors.

In February 1942, the Production Executive was replaced by a Minister of Production. The functions and apparatus of the Production Executive were transferred to the Ministry, except for the functions dealing with labor, which were shifted to the Ministry of Labour and National Service. While the centralization of authority in the hands of a Minister represented an advantage over the committee technique, the Minister of Production in reality could exert control over other Ministers only insofar as he had the backing of the War Cabinet, on which—as well as on the Lord President's Committee—he replaced the Minister of Supply. His main accomplishment was the establishment in March of an advisory panel of industrialists and labor experts to assist with problems of technical efficiency.

In May the Minister of Production announced his intention to appoint regional controllers as permanent chairmen of the regional boards. This move did little to strengthen his executive power over the boards, since the regional controller was *primus inter pares*, in line with the customary committee procedure. No steps were taken to increase integration of labor supply and production control at the regional level, where action continued to be dependent on the influence which

the representatives of the different government departments could bring to bear on the regional employment office. There was an expansion of the regional and local capacity clearing centers in some areas.

Recruiting Problems

Identical labor-shortage problems in each country resulted in basically similar legislation. Yet rapidly changing conditions in the labor market were continually raising problems which required new forms of solution.

Safeguarding Labor Reserves

Germany's early attempts to redistribute the employed population in order to release men under 25 years of age for military training were relatively unsuccessful. The problem of skilled-labor allocation between military and civil requirements was ultimately solved by compiling a military occupational register, permitting indefinite deferment of individuals possessing strategic skills, and demobilizing soldiers in between campaigns for temporary employment in key shortage occupations. This technique could not be applied during the prolonged Russian campaign.

In Great Britain, the offices under the Ministry of Labour and National Service which handled recruiting and registration for military service at first based deferment primarily on a system of reserved occupations, but either the employer or the worker could apply for an individual deferment based on the worker's indispensability. Men in occupations considered essential for national defense were exempted by lowering the age in these occupations below which men could be drafted and by constantly revising reservation ages on the basis of changes in industrial demand. When it became necessary to utilize workers previously in utterly dissimilar occupations for training and placement in armament industries, the safeguarding system was revised to distinguish between a man's usual and his current occupation, and two age limits were fixed for many occupations—a lower age for a man engaged in work protected because of its national purpose and a higher age for a man engaged in unprotected work.

At the end of 1941 the system of reserved occupations for military service was entirely superseded by the more flexible method of individual deferment; each worker's indispensability was

reviewed before manpower boards composed of a labor-supply expert, the local employment service manager, the military recruiting officer in charge, and a womanpower officer. After December, men and women became liable to compulsory military service.

Absorption of the Unemployed

Absorption of large reserves of unemployed workers in armament industries was promoted in Germany by employing relief workers on armament construction projects and utilizing the unpaid services of the Labor Service, membership in which was compulsory for youths 18-25 years. The decline in unemployment was also accelerated by employment service clearance procedures, utilization in war production of related skills from other industries, rehabilitation of not fully employable groups, and the dovetailing of seasonal-labor demands.

From 1936 to 1940, when shortages in Great Britain were limited to key skilled occupations, no special attempts were made to utilize unemployed workers from other occupations in the armament program, or to recondition the "hard core" for permanent reemployment. When reserves of unemployed workers from essential occupations were approaching exhaustion in the summer of 1940, the absorption of unemployed reserves was promoted by using in war production the unemployed from related skills in printing, woodworking, building, and nonessential metal industries; the location of plant sites was correlated with reserves of unemployed; and review of the employability of totally unemployed persons by industry panels of employers and workers was inaugurated.

Training

Germany.—The importance of vocational training was recognized in Germany long before the advent of Hitler. There were two types of institutions for the training of skilled workers: trade schools and continuation schools. In independent craftsmen's shops, apprenticeship training was regulated and inspected by the Chamber of Handicrafts. In addition, the National Bureau of Placement and Unemployment Insurance provided vocational training for unemployed persons, who were entitled to receive 8 weeks of unemployment benefits during training.

Under the Nazi regime the responsibility for training the unemployed was shifted from the National Bureau to private industry in order to develop training for a specific job. Additional training needed to fit multi-skilled and unit-skilled unemployed workers for armament work was given on production machines in the plant. Continuation schools were used, however, to recondition the long-term unemployed workers for training within industry. In November 1936, when there were marked shortages of skilled workers in the metal and building trades, employers with 10 or more employees in these industries were required to train an assigned quota of apprentices or pay the National Bureau a sum equal to the cost of such training.

New developments in the training program occurred in 1937 and early 1938, when it became necessary to utilize the services of increasing numbers of inexperienced and unskilled workers for essential industries. In-service training began to be supplemented by public training. The continuation schools were dissolved, and the curriculum of both elementary and advanced trade schools was closely coordinated to furnish the required theoretical background for practical on-the-job training. More than 200 courses were opened in technical schools and other available suitable quarters, under the direction of the Labor Front. Courses in residence were supplemented by public correspondence courses especially designed for employed workers. Pressure on employers to train workers was likewise increased, while courses lasting 4-6 weeks and joint training centers for small firms were developed in many localities for training workers as unit-skilled operators. Employers who agreed to accept inexperienced workers for a 6-week unpaid probationary period were required, once such a period was satisfactorily completed, to guarantee necessary further training and regular employment for not less than 5 months.

Agricultural training was also developed. Under the direction of the National Food Estate, 2-year apprenticeship courses were opened on farms for youths leaving school. In connection with the obligation to accept a year's employment in agriculture, short 8-week agricultural training courses (with compensation furnished on the basis of need) were offered girls under 25.

When reserves of the unemployed were virtually absorbed, responsibility as well as obligation was placed on the employer to train new entrants in the labor market. In addition to furnishing the theoretical instruction needed for higher grades of skilled work, public training courses provided the introductory and specialized training needed to prepare youths, and special groups of inexperienced workers, for further training within industry. In September 1939, employers were required to provide systematic training for all grades of multi-skilled and unit-skilled occupations and general training in practical industrial problems. Special courses were opened for retraining adults and preparing physically handicapped workers for employment in war industries.

In the case of compulsory retraining outside the plant for a period of more than 3 days, the government at first assumed the entire responsibility for financing the trainee and his dependents. Later in 1940 the magnitude of the retraining program caused the government to shift part of the financial burden to the employer; plants for whose benefit the workers were being trained were required to share in the cost of the undertaking after 4 weeks of training had demonstrated the capacity of the trainee for his future employment.

Later, concessions were made to both employers and workers to facilitate the absorption of the residue of less desirable workers and improve training morale. Employers in the iron and steel industry were required to pay the trainee wages equal to the entrance wage rate for unskilled workers in the plant plus a flat sum for pocket money and food. Employers were completely relieved of the burden of financing training for workers difficult to place because of age or other handicaps, and the Army assumed the entire cost of training injured soldiers.

Exclusive control of vocational guidance and placement was given to the employment service in November 1935, early in the armament program. Vocational guidance, however, remained a voluntary service. Nevertheless, apprentices enjoyed considerable freedom in the matter of selection of place of training and place of employment after the completion of the training period, and the employment service customarily consulted the national compulsory trade association in regard to their placement.

When reserves of the unemployed began to be

exhausted, increasing government pressure appears to have been exerted on youths in connection with choice of a career. In March 1938, the parents of youths leaving school, and youths themselves, were required to report the fact to the employment service, and the following December the public school administration was held responsible for these reports. Nevertheless, officially, youths were still free, with parental consent, to choose their vocations, and articles in the *Reichsarbeitsblatt* in 1940 lamented the fact that mining and agriculture were not popular. After the spring of 1940 the movement of apprentices in essential industries was restricted, and the employment service exercised exclusive right of placing all grades of skilled trainees.

The training program has been extensive in scope. In 1938 a total of 3.3 million workers attended training centers. In the fall of 1940 it was estimated that Germany had retrained a million workers in the first war year. In view of the fact that an average of 560,000 boys left school each year in the period between 1937 and 1940, the minimum training potential has apparently been at least 1.5 million a year.

Great Britain.—Expansion of the training program was delayed until reserves of unemployed workers in essential industry occupations were virtually exhausted. Prior to the armament program, vocational training was closely linked with a system of general education in the form of technical, trade, and continuation schools. In addition, some 18 government training centers in depressed areas provided general practical training for unemployed workers. In these centers, courses were normally 6 months long, and during the period trainees ineligible for unemployment benefits received allowances on the basis of need. In March 1940, these courses were revised to concentrate on training semiskilled workers in the metal trades; the area of recruitment was extended from depressed areas to the whole country; and the age of admission was raised to include men over 45 years of age.

During the summer and fall of 1940, the number of government training centers was increased to 40, the 6 months' training period was shortened to 3-5 months, and shift systems were installed. Enrollment was open to employed as well as unemployed workers. Allowances for unemployed workers, ineligible for benefits, ceased to be based

on need; and supplemental payments for dependents were made to all trainees away from home. Shorter courses, generally 8 weeks long, were opened in 150 technical colleges to train inexperienced workers and to facilitate upgrading. Maintenance allowances and daily traveling expenses were paid to all trainees. As a result of these developments, the Ministry of Labour stated in October 1940 that it would not be long before the government training centers would be graduating from 250,000 to 300,000 trainees a year.

The government likewise encouraged the extension of employer training and upgrading among metal-trades employers not fully engaged in war work. Financial assistance was provided to cover the salaries of instructors and the cost of equipment for employers who undertook to train workers for other than their own use. The government reserved the right to determine and to inspect the number of trainees, the type of training, and the length of the course, and trainees received government allowances instead of wages.

The necessity of using increasing numbers of inexperienced workers and employing new entrants in the labor market, for the most part women, focused attention on the fact that training on the job was the most effective method of inducting these workers into industry. The close relationship between training, upgrading, and job dilution, and the growing pressure to achieve maximum effective utilization of each skilled worker, finally outweighed any previous fears that training programs in essential industries would materially hamper output. Adequate provision for employer training for their own use in industries became compulsory early in 1941. Soon four or five times more persons were being trained in machine-building and ordnance factories than in public training centers.

During the latter half of 1941 and first half of 1942, public training was remodeled to furnish the supplementary training needed for upgrading and developing supervisory abilities; prepare special-problem groups such as the handicapped for industrial employment; and provide all other new entrants with a brief general introduction to industrial problems and processes. In August 1941, government training centers and technical colleges opened advanced public training courses for employed workers in the machinist trades; while attending these courses the worker remained on

the employer's pay roll. In November, special courses were opened for training disabled persons for war production. In February 1942, the number of government training centers was consolidated from 39 to 24, and a short introductory course lasting 4-8 weeks replaced the normal 16-week course of more detailed instruction, which was reserved for specially selected candidates. Efforts to overcome already declining attendance in the public training centers had occurred as early as the previous July, when trainees 19 years of age and over attending public training courses in the machinist trades began to receive wages instead of an allowance.

Compulsory Controls

Germany.—The Nazi regime first introduced labor-control measures in order to achieve self-sufficiency in food production, but the substitution of the military term labor allocation (*Arbeitseinsatz*) for the traditional term labor exchange (*Arbeitsvermittlung*) in the first agricultural decree also marked the initiation of national planning in labor-supply fields.

Early in the spring of 1934 this decree attempted to solve the problem of agricultural-labor shortage by forbidding workers from rural communities to seek employment in a large metropolitan area; by giving the employment office control of hiring agricultural workers; and by requiring employers in such seasonal industries as coal mining, construction and allied trades, canning, hotels and restaurants, metal reduction, and semimanufactured metal products, to discharge former agricultural workers. Acute scarcity of harvest labor resulted in an attempt in August 1934 to reallocate age groups within industry to make workers under 25 readily available for harvest work and military service.

The enabling act of August 10, 1934, vested in the employment service exclusive authority for allocating and reallocating labor and collecting labor-market information. Specific application of this law in industry took effect in December of that year when skilled metal workers were required to have a permit from the employment office in the local community to accept work elsewhere. In November 1935 the employment office was given a monopoly of the placement function; other non-profit placement agencies were allowed to continue only with the permission of and under the direct

supervision of the president of the National Bureau.

In the fall of 1936 the employment service assumed control of the hiring of workers in skilled building and metal-trades occupations, and blind advertising was forbidden. The employment service was also authorized to allocate labor in the metal industry on the basis of preference, in succession, to armaments, food supply, domestic raw materials, exports, and housing;⁵ to negotiate for the return of skilled metal and construction workers employed outside their usual occupations; and to determine the quota of apprentices in the metal and construction industries for employers with 10 or more employees. To control voluntary quitting, legal requirements regarding notice⁶ were also utilized. If a worker left without notice, employers in essential industries were permitted to withhold the Work Book required for placement until the requisite notice period had expired.

When labor shortages were, for the most part, localized and limited to skilled-worker groups, the authority of the employment service was carefully circumscribed, and indirect rather than direct compulsion was applied. The right to compel skilled workers to return to their usual occupation was limited by the fact that a worker was not expected to change his job if the new job was temporary or less well paid, or if it involved separation from his family. Moreover, transfer to suitable skilled employment in the same plant was considered a solution of the problem. Likewise, when efforts were made to force agricultural workers back to the land, indirect means were used to accomplish this purpose by requiring employers in a number of industries to discharge employees formerly employed in agriculture, on the assumption that workers forced out of employment would return to agriculture.⁷

The one attempt at direct application of compulsory transfer in this early period appears to have been sparingly applied and finally abandoned in favor of indirect compulsion. The order of August 28, 1934, which had attempted industrial replacement of the under-25 by the over-40

⁵ Preferential allocation began after a plant engaged more than 10 employees per quarter.

⁶ Usually 2 weeks for wage earners and 1 month for salaried workers.

⁷ To some extent, previous agricultural-labor experience must have influenced this course of action. During the last war, efforts to force agricultural workers back to the land had failed. Voluntary inducements offered to the urban unemployed to accept farm work during the post-war period had likewise proved unsuccessful.

age group, was not widely enforced. Two years later, when a similar redistribution of age groups was attempted among employed salaried workers, all reference to compulsory transfer was carefully avoided. In the decree of November 7, 1936, employers were required to accept a suitable proportion of qualified workers over 40, and the indirect result—discharge of workers under 25—was not mentioned.

As reserves of unemployed workers from occupations similar or closely related to those in essential industries dwindled, employment service control of hiring was progressively extended. Starting first with seasonal and foreign migratory agricultural workers, this control was extended to all metal, construction, and building-materials workers and to chemical workers in three districts. Finally, the employment service was broadly authorized to assume exclusive control over apprentices and unpaid learners under 25 years of age and to order any employer to hire or discharge workers.

Transfer of labor from nonessential to essential fields was increasingly effected by direct resort to compulsion, but indirect measures continued to be used. In 1937 the employment service was permitted to revoke the licenses of peddlers and itinerant salesmen, a small group of about 218,000 persons, for training and transfer to essential armament work. Transfer was also effected by agreements negotiated with employers and by curtailment of the consumer-goods industries. In the summer of 1937, transfer of workers from nonessential to essential work was also encouraged by curtailment of partial employment in the textile industry and refusal of partial unemployment benefits to workers under 30 without dependents.

Dwindling of total unemployed reserves below 500,000 and full mobilization of the armed forces, coupled with the need to build the West Wall fortifications with the greatest possible speed and at the same time continue the expansion of armaments, forced increasing reliance on planned reallocation and control of employed workers. During 1938 and 1939, control of hiring was applied progressively to wage earners, salaried workers, works managers, and paid and unpaid learners, then extended to occupations in all industries, except agriculture, mining, and domestic service in homes with children under 14—

three fields of employment which workers were reluctant to enter. The employment service was likewise placed in direct control of voluntary quitting in all fields of employment for all wage earners from works managers to unpaid learners, with the exception of workers engaged in casual employment or earning insignificant amounts not covered by sickness insurance.

There was widespread recourse to compulsory transfer when exhaustion of reserves of the unemployed threatened. In June 1938 any German national could be transferred by the employment service for a limited period to do work of national importance on a compulsory service (*Dienstpflicht*) basis and, if necessary, could be required to undergo a period of vocational training. In October of that year, emergency compulsory service (*Notdienstpflicht*) could be required from German residents over 15 and under 70 years of age.⁸ Between December 1938 and March 1939 unlimited compulsory service was exacted from aliens⁹ as well as nationals; independent craftsmen and small retailers were retrained and transferred to essential work; and women under 25 were required to be employed for a year in agriculture or domestic service before entering any other occupational field. After the Polish campaign, military and compulsory service became interchangeable forms of activity, and employers were compelled to fulfill prescribed training requirements for all grades of skilled workers. Transfer within the same occupation was also widely used. Engineers in building, electrical, and machine-tool industries were transferred to testing and experimental laboratories and departments. Building and skilled metal workers were transferred freely from nonessential to essential work.

Although based on compulsory power, application of the right to transfer workers appears to have been primarily an administrative problem in which job qualifications and socio-economic conditions inevitably played an important role. Even during periods of extreme scarcity, employment office executives recognized an *ortsgebunden* (tied to the locality) group.

The allowances provided for conscripted workers included: transportation costs, traveling time, separation allowances for conscripts maintaining

⁸ Except certain official groups, principally public and National Socialist Party officials, lawyers, and employees in public service, for whom special consent was necessary.

⁹ Unless excluded by treaty or international law.

their dependents in the original home, special assistance for safeguarding the conscript's former standard of living, and, in cases of special hardship, an allowance equal to 3 months' wages.

In 1940, employment on a compulsory-service basis began to be limited to key occupations, for the most part in highly skilled categories where shortages were most acute. Between June 1938 and June 1940, 1.8 million persons, including 250,000 women, were employed on a compulsory-service basis, nearly 9 percent of the average number of employed workers; by October 1940, however, this group had declined to 350,000, less than 2 percent of the average volume of employment.¹⁰

Limitation of compulsory service to the exceptional cases was forced by the problem of keeping up worker morale. As one German writer expressed it, "A worker who must be kept at his job by force is of as little use as a hound who must be carried to the hunt." In November 1940 an official circular complained that building workers employed on a compulsory-service basis were returning to obtain work at home without the required permission from the employment office at the place of their last employment.

Compulsory employment apparently also encouraged inefficient production and employer hoarding of workers. Compulsory-labor requirements of employers in "W" factories were frequently exorbitant, and labor conscription often proved a free passport for inefficient production. In 1940, for instance, building contractors engaged on both nonessential and essential projects started workers on a compulsory-service basis on essential projects in the morning and in the afternoon shifted them to nonessential projects and requested additional workers for the essential projects.

By the end of 1940, widespread shut-down of consumer-goods industries by district economic offices, plant investigations by local and district commissions, and the elimination of partial unemployment, except as a temporary measure, were reported to have released 486,000 workers from pottery, glass, leather, and paper industries for retraining and employment in the metal industry. Workers unemployed as a result of these measures were not permitted to refuse work offered and

¹⁰ Based on average monthly employment of 20.2 million from July 1, 1938, to June 30, 1939.

draw the full amount of unemployment relief. Relief grants were reduced after a single refusal and denied if the refusal was repeated.

During 1941 and the first half of 1942, dearth of labor reserves of any description led to a tightening of compulsory controls. Despite the disadvantages of this form of service, the volume of labor conscription increased. As compared with the 350,000 conscripts of October 1940, there were 630,000 persons working on a conscript basis in January 1942. In March 1942, employers submitting false reports on their labor forces and labor requirements were made subject to imprisonment, or death in especially serious cases. Unlimited fines might also be levied on such employers. A decree and subsequent regulation in May and June, effective only until October, permitted increased dovetailing of industrial and military skilled-labor requirements by broadening the scope of employment service separation control and compelling increased combing out of industry during the summer campaign season. Employment service permission was required for all types of separation in selected war industries, and employers in these fields had to inform the employment service of all men, except youths under 18, available for transfer elsewhere.

Great Britain.—Prior to the spring of 1940, labor-market control measures in Great Britain took two forms: increased centralized direction of labor-market policy by the national government and an attempt to check the increased labor turnover in key skilled trades, thus assuring more effective utilization of the limited supply of workers in these occupations. After September 1939, when war was declared, the Minister of Labour and National Service assumed direct administrative control of the national employment system, which had been functioning since 1909, and took over the factory inspection powers of the Secretary of State. In this capacity he was authorized to control advertisement for workers and to control their "engagement or reengagement," provided the employers and the workers concerned approved. This measure, however, was applied in April 1940 only to advertising for key skilled occupations—carpenters, joiners, and bricklayers—in the building and civil-engineering contracting (construction) industry.

Late in 1939 and early in 1940, when shortages of unemployed skilled workers were becoming

acute in metal and building trades, transfer from the same or closely related trades in nonessential industries was either indirectly promoted by the curtailment of nonessential work or effected purely on a voluntary basis. In October an agreement between employers and unions in the dock industry established a system of voluntary intra-industry transfer. Men selected from lists of volunteers were transferred from port to port through the machinery of the employment exchanges under the direction of the local port joint committee, and their expenses, including traveling allowance, were paid by the government.

The need to increase armament production, despite the exhausted supply of qualified skilled metal and building-trades workers, was responsible for section 58a of Defence (General) Regulations of May 22, 1940, which authorized the Minister of Labour and National Service to collect information from employers and workers and to inspect employers' premises. He was also authorized, in the interests of national defense, to regulate engagement of workers by employers and "to direct any person to perform any service that in his opinion he was capable of performing," provided the Minister had regard for the usual wage rates and conditions of service in the district. However, although armed with compulsory powers, the Minister continued to advocate and make arrangements for voluntary transfer and indirect compulsion, and local labor-supply inspectors were in general instructed to proceed by agreement and not to use their compulsory powers unless absolutely necessary.

During the remainder of 1940 and early 1941, transfer resulting from the administrative process of combing out industry, under the direction of the labor-supply committee, was facilitated by a number of measures. In July 1940 all engineers and chemists were required to register at the employment service. In August the same regulation was applied to workers presently or formerly employed in certain multi-skilled and unit-skilled occupations in the metal industry not engaged in armament production—except shipbuilding and repair—and, in February 1941, to former shipbuilding workers.

To facilitate the transfer of workers into essential industry, the Minister of Labour and National Service instituted a system of government transfer allowances to be paid to all workers transferring

through the employment service except those receiving comparable allowances under union agreements. Such government aids included fare to the place of employment when it was located beyond daily commuting distance, fares for dependents if they moved to the new area, household removal expenses in cases of need, a traveling time allowance, and a weekly lodging allowance to workers whose dependents remained in the area from which they transferred. In this period, also, "suitable work" was redefined to disqualify workers for unemployment benefits if work of national importance was refused merely because the worker had previously enjoyed better working conditions or, after 2 or more weeks of unemployment, because such work was not in his usual occupation. Despite the emphasis on voluntary methods, however, problems apparently arose as a result of differences in wage rates and working conditions in the same occupation, and failure to use transferred workers to the best advantage.

During 1940, open resort to compulsion was confined to the relatively simple problem of intra-industry transfer. In June the voluntary transfer system in the dock industry became compulsory; port labor inspectors supervised and controlled the system, in which employers were also required to participate.

In the same month, exclusive control by the employment service of hiring was specifically applied to workers in metal-manufacturing and repair (except shipbuilding and ship repairing) and construction industries. In addition, employers were forbidden to hire workers who were normally employed in agriculture or coal mining. In October, private building operations involving an estimated outlay of £500 or more were required to be licensed by the Office of Public Works.

When the total reserves of unemployed had fallen below 500,000 in the spring of 1941, new powers were conferred on the Minister of Labour and National Service, and employment service control over the labor market was further extended. In March the Minister was authorized to control wages, working conditions, welfare, and training, as well as hiring, separation, and the contract of employment in essential undertakings.¹¹

In such undertakings, employees were guaran-

¹¹ The original "scheduling" of every employee was found to be too rigid, and exceptions were made later for special classes, mostly seasonal employees.

teed a minimum weekly wage based on normal working hours exclusive of overtime¹² and were assured standard conditions of employment and satisfactory transportation arrangements, housing, and food. In these establishments, employers were also required to provide adequate training facilities for their workers. The employees could not leave their employment without consent of the employment service. In essential industries, national service officers were now specifically authorized to direct workers to suitable employment and handle cases of absenteeism without leave or reasonable excuse, or continued tardiness. Appeal from such decisions was permitted, but the local appeal board could only make recommendations. The national service officer retained the right of final decision.

At the same time, compulsory registration for employment on work of essential importance was required of all British subjects except persons rendering full-time service in the armed forces, and the previous allowances were extended. Registration was introduced by age groups, and by July 1942 all men up to the age of 48 and women up to age 41 had been registered. A flat settling-in allowance was granted single workers without dependents, to cover the cost of transferring to the new area. Workers whose dependents moved with them received a continuing liability allowance to meet such contractual liabilities as mortgage interest, rent, and furniture storage in the original home area. Late in the compulsory period (May 1942) the employment service started to pay part of the expenses of semiannual visits home for transferred workers.

By July 1942 the essential work orders in war production and closely related fields had been applied to the shipbuilding and ship repairing, engineering (machinery), maritime, coal mining, building and civil engineering (construction), iron and steel, agriculture (Scotland), and railway industries. In these industries, except agriculture, plants were "scheduled" individually after negotiations with employers and trade-union officials on minimum wage and working conditions, in many cases a slow and time-consuming process. Employers who refused to obey the regulations were threatened with descheduling or removal from their management positions. Workers who refused

¹² If work was available only after normal working hours, the worker received the overtime rate for such work.

to follow directions issued under these orders were prosecuted, fined, and imprisoned.

Pressure to obtain additional labor reserves during 1941, as the remaining reserves of unemployed were exhausted, also led to extensive curtailment of nonessential industry by closing down and concentrating consumer-goods manufacturing in "nucleus firms." In each industry the degree of concentration was decided by the Board of Trade, but the initiation of the system was left to individual firms. Up to January 1942, 2,100 establishments had been closed and 138,000 workers released from textile, boot and shoe, pottery, and other consumer-goods industries. As far as possible, factors which determined this action comprised: the proximity of war-production factories, the amount of training required by workers who were released, and the possibilities of localizing plant facilities for essential production or storage of food or war supplies. However, the failure to calculate minimum needs or to require concentration in the more efficient firms caused ineffective concentration in some fields and over-concentration in others, and inability to achieve a higher output per man in nucleus firms. Also, failure to extend employment service control of hiring over fields of displaced labor resulted in considerable labor loss for the war effort. In cotton textiles alone, according to the *Manchester Guardian* of October 31, 1941, about 8,000 women, nearly a fifth of the total displaced group, did not go into any other work. In addition, a large number of persons found employment in other nonessential fields. To prevent further loss of labor, the threat to invoke the compulsory transfer power of section 58a was sometimes used in negotiations with unions for the transfer of workers from nonessential to essential work.

As a consequence, manpower boards were set up in December 1941 to control the distribution of labor between military and civilian service, and between essential and nonessential industries. In addition, the conscription power was extended over women in the 20-30 age group, and they were required to obtain employment only through the employment service. In January 1942 the Essential Work Order was applied to the concentrated cotton-textile industry in order to prevent leakage of workers into other nonessential fields.

Increased manpower demands for industry and

the armed forces led to pressure for more efficient use of skilled men already in military service, and reduction of full-time civilian defense staffs. In addition, compulsory controls were relaxed in order to encourage greater use of part-time workers. In March 1942, women over 31 were exempted from the advertising and hiring provisions of the Restriction on Engagement Order. In April, persons who ordinarily did not work more than 30 hours a week were excluded from the provisions of the Essential Work Order, and unemployment insurance contributions were no longer required for them.

Improved Industrial Techniques

Germany.—After September 1939, Germany intensified efforts to require employers to rationalize production by introducing mass-production methods. Such methods included standardization of output, machines, and machine tools; relaxation of precision demands; increased introduction of automatic machine and conveyor systems; and increased emphasis upon job breakdown, upgrading, and training. Standardization of worker dwellings permitted mass production in building. In 1942 the efforts towards rationalization and standardization were furthered by the creation of "main committees" and "industrial rings" of engineers for major products produced on a mass basis. The committees attempted to improve the methods by which the product was manufactured, while the rings were concerned with standardizing the product in its various uses.

In personnel fields new techniques were developed by the special commissions to determine, in connection with the need for additional upgrading and training, what constituted a sound ratio of skilled to unskilled workers. Such techniques included comparing the number of employed workers with the status of orders and with the rate of labor turn-over. As far as possible, skilled-worker hours were computed and compared with the number of employees, and the nature and requirements of unfinished and future orders were investigated.

The need to economize in the employment of skilled workers, as well as the interest in increasing the continuity of employment in the armament industry, was responsible for widespread stabilization of employment. Partial employment in the

textile industry was considered uneconomical as early as January 1938 when employers were required to employ only a sufficient number of workers to ensure all employees a 40-hour weekly average of employment per year. In 1939, workers in the building industry were formed into a national association of building craftsmen to permit centralized clearance and nation-wide transfer to essential work. After May 1940, partial employment was not permitted in any industry except as a temporary measure. The practice of dovetailing agricultural and industrial demands was also applied to armament-labor needs by utilizing qualified unemployed workers in armament industries during the period of seasonal unemployment.

Great Britain.—Early in the armament program, improved techniques were introduced in industry primarily to economize in the use of skilled workers by breaking down jobs to permit a more extensive use of unit-skilled labor. Prior to the virtual exhaustion of unemployed reserves in 1941, job break-down was accomplished by a collective-bargaining process that frequently involved prolonged negotiation between local employers and union representatives, a process often accompanied by endless discussions in union meetings. Skilled workers in the metal trades were loath to relax apprenticeship restrictions and surrender job monopolies. Negotiations begun in 1938 between trade-unions and employers in the engineering (machinery) industry were not concluded in any union until May 1939, shortly before the outbreak of war. During 1940, dilution agreements negotiated in both essential and nonessential industries permitted semiskilled and inexperienced workers to be employed on essential work formerly reserved for skilled workers and, in most cases, allowed women to be substituted for men on both essential and nonessential work. Progress in the direction of general job break-down in essential industries, however, was slow because of union lines of demarcation and union desire to retain craft privileges.

Virtual exhaustion of unemployed reserves increased the pressure to extend, standardize, and hasten the introduction of more effective utilization of skills. The Essential Work Order of March 1941 compelled employers engaged on essential work to carry out the recommendations of labor-supply committees based on labor-supply

inspectors' reports regarding the subdivision of processes, and the upgrading and training of workers. Application of this order, however, was considerably delayed by adherence to the bargaining approach of preceding the introduction of government control in each essential concern by negotiating minimum wage rates and other working conditions with the employer and the union. Moreover, the unions, in many instances, opposed rationalization of production processes.

Before the manpower boards were established at the end of 1941, despite increasing replacement of former trade-unionists by technical engineers, job break-down was not equally developed in all regions. Moreover, faulty planning and organization in many war-production plants accounted for extensive work shortages, idle machines, and inefficient industrial operation. Efforts to remedy these conditions in essential industries resulted in the introduction of improved processes in ship construction, and in the concentration of coal-mine production. Early in 1942 the general introduction of improved techniques was stimulated by making available to industry the services of technical industrial experts, in a national advisory committee attached to the Ministry of Production, and by providing machinery for the utilization of employer and worker suggestions through the establishment of joint production committees in each plant.

Great Britain's efforts to stabilize employment as a method of more effective labor utilization date from the establishment, in the fall of 1939, of the voluntary intra-industry transfer system to increase mobility of dock labor. Early in 1940, employment in the construction industry was stabilized by national registration of available reserves, central clearance in special clearing houses, and a minimum guarantee of 30 hours of employment a week. Vanishing reserves and government guarantee of a minimum wage in controlled essential industries prompted increasing efforts in this direction. Application of the Essential Work Order to a new industry was accompanied in each case by the introduction of a stabilization plan suited to the unemployment problem peculiar to the industry concerned.

The intra-industry dock-labor system became the National Dock Labour Corporation, Ltd., in 1941, a corporation composed of employers in the industry formed to direct and finance, with the

help of the government, rapid handling of goods and turn-around of ships by providing for the continuous employment of casual dock labor. The new system, introduced port by port, compelled employers to engage labor needed for peak demands from port labor-reserve pools, members of which received a minimum weekly wage. In the maritime industry, continuity of employment under the control of the Admiralty was promoted by a national maritime reserve pool. The seaman who was not reengaged by his former employer at the end of the voyage passed automatically into a national merchant-navy reserve pool controlled by the Shipping Federation, Ltd.; as a member of this pool, he was required to accept employment or training, as directed, but received a minimum wage per week between voyages. In connection with the curtailment of nonessential production, government policy prescribed the elimination of partial employment. In addition, "mobile labor squads" of skilled workers were organized in construction and ordnance production to complete special projects or train unskilled staffs. Dovetailing of seasonal-labor demands was promoted in the printing and construction industries.

New Entrants

Germany.—When there were still reserves of unemployed workers attached to essential industries, new entrants in the labor market, aside from the youths who annually entered industry, were limited to foreign migratory agricultural workers and retired skilled metal and construction workers returning to work at the behest of their former employer or in response to improved earning opportunities.

As reserves of labor from essential industries dwindled, more extensive, as well as more forceful, methods of recruiting new entrants were first adopted in agriculture. During 1936 and 1937, special inducements—including cost of transportation and equipment, and compensation on the basis of need—were used to recruit girls under 25 not only from the unemployed but also from the school-leaving group and the leisure class, for a year's agricultural employment. Later, in 1938, a year of employment in agriculture or domestic service was required of girls employed or desiring employment in the textile or tobacco industries. Utilization of foreign migratory labor in agriculture likewise increased. Between 1933 and 1937

the number of foreigners employed in Germany increased nearly 1.2 million. Convicts began to be used in soil conservation.

New recruits, including women whose employment was formerly restricted, convicts, and foreign laborers, began to be used in other industries, and after 1938, compulsion was primarily relied upon to obtain their services. Women and girls were first substituted for men in unit-skilled occupations in the metal industry in 1938. However, by July 1940, although female employment in metal trades had increased 59 percent as compared with July 1938, the largest proportion of women still continued to be employed in consumer-goods and service industries and in agriculture. The total number of employed women increased from 6.9 million in July 1939 to 9.4 million at the beginning of 1942.

By 1940—following agreements with countries allied to Germany, the application of compulsory service to occupied territory, and utilization of prisoners of war—foreign labor became an important source of labor reserves. Special efforts were made to utilize their skills in industry, even at the risk of lowered production. At the beginning of 1941, 52 percent of this group were used in agriculture, as compared with 95 percent at the beginning of 1940. By 1942 an estimated minimum of 5 million foreigners including war prisoners were employed in Germany. Thus, of a total of 24 million employed persons, women and foreigners constituted approximately 14.4 million.

Other less important sources of labor include minors, pensioners, and Jews. After September 1939, high-school students of 16 years and over were required to work on farms during the summer vacation, and children 10–16 years old were permitted to be employed for light agricultural work. Early in 1939 relatively healthy retired workers were deprived of old-age benefits and set to work in special metal workshops. Jews were reemployed in road building.

Great Britain.—For the most part, new entrants in the labor market under the armament program were women. Unemployment among women declined slightly during 1937, increased markedly in 1938, and again declined slowly in 1939 as opportunities for customary employment increased in the textile and clothing industries and in clerical operations connected with armament, and as new fields of employment began to develop.

During 1940, dilution agreements permitting women to replace men in many essential and non-essential industries, on the basis of equal pay for equal work, cleared the way for the entrance of women into munitions and into consumer fields depleted by the draft. Although women slowly entered these fields of employment, the number of unemployed women changed little and even increased slightly during July and October, following widespread curtailment of consumer-goods industries.

The Registration for Employment Order of March 1941, which required all British nationals to register for employment, was directly aimed at women not regularly attached to the labor market. In the handling of early registrations under this order, interviews were restricted to the mobile group which comprised unoccupied women who were single or married but without young children and engaged only in household duties or in unpaid or part-time employment, as well as unemployed women and women who volunteered for transfer to essential work. In December 1941, conscription of women for military or civilian service was introduced. This power was applied only to the 20-30 age group, which was also required to obtain employment of any type through the employment service.

By March 1942, women were entering industry at the rate of 150,000 a month, and an increase of 1.5 million women over pre-war employment was reported in munitions and other vital war industries. Increased efforts were also made to overcome difficulties experienced by employed women in connection with shopping and the care of small children. By March there were 300 nurseries in operation, with 700 more in preparation. The lack of sufficient nurseries, however, continued to force many women to use the less satisfactory method of "private minders." Two measures were introduced to promote part-time employment. In March, the Restriction on Engagement Order was waived to permit employers to recruit and hire directly women over 31 years. In April, employers were relieved of the requirement to pay unemployment insurance contributions for part-time work.

Child labor also increased under the armament program. Laws regulating the employment of minors were relaxed shortly after the outbreak of war by lowering from 15 to 14 the age limit for

compulsory school attendance. In December 1941, compulsory registration of boys and girls aged 16-18 was provided for in order to channel them more effectively into essential service. In May 1942, local education authorities were permitted to release children over 12 from school for seasonal employment in agriculture, and special harvest camps were established.

Acute need for labor in the fall of 1941 and first half of 1942 resulted in the increased utilization of handicapped workers and men from the armed forces in essential employment. Efforts to place physically disabled and deaf and dumb persons were intensified. Soldiers were released from military service to bring in the harvest.

Other Economic Factors

Price and wage policy.—In Germany, price control through a policy of regulating cartel industry prices by means of curtailed production actually antedated the Nazi regime. Progressive extension of price control to all fields of national economy paralleled the widening of labor-shortage areas. Government price control in the consumption-goods industry was introduced in the summer of 1934, with a price-fixing policy designed to bring domestic import prices in close agreement with the world market. Enforced cartelization of unorganized branches of production under government control brought the remaining domestic prices into line. In the fall of 1936, price increases were prohibited, except those needed to compensate rises in the costs of raw materials, and prices were fixed in each industry. Elaborate cost-accounting methods were used to prevent price increases from multiplying on the snowball principle as articles passed from the factory to the retail seller.

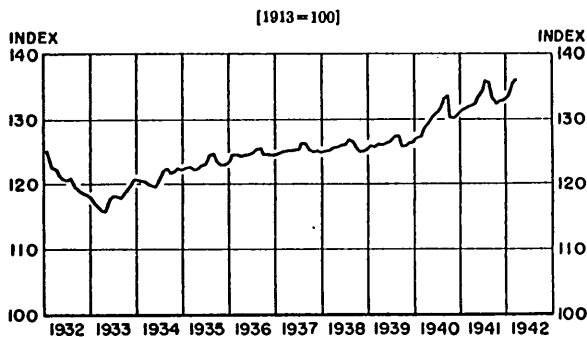
The stabilizing effect of Germany's policy on the cost of living is apparent from chart 7. Despite extensive price control, however, there was a gradual but continuous rise during the period 1933-42 in the cost of living. This rise was variously attributed to rationing, consumer preference for higher-priced goods, profiteering, and an increase in prices for raw materials.

Maintenance of a completely stable wage policy in German proved difficult. Introduced in 1934, government regulation of wages was effected first through granting authority to the labor trustee to fix minimum wage rates in the

collective rules that replaced trade-union agreements; through extending his authority in 1936 to the supervision of wages and conditions of employment; and again, in June 1938, to the fixing of maximum wage rates. However, these measures did not prevent employers from increasing wages through various means, such as promoting workers to higher-paid jobs, increasing family allowances, and paying social insurance contributions. Accordingly, controls were made more drastic in 1939 by the introduction of severe penalties for contravention, and the suspension of overtime pay for night, Sunday, and holiday work. In the interest of increasing output, the government, although maintaining the policy of stable wages, made increasing concessions to workers in the form of extra pay above the normal rate. In September 1940 all restrictions on overtime pay were removed. During 1941 and 1942 there was increased use of piece rates as an incentive to increased output. In addition, employers were empowered to reduce the wages of inefficient workers.

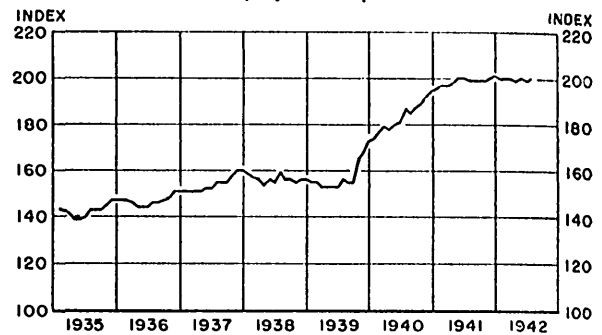
Wage rates in British industries were determined for the most part by collective agreements between workers and employers prior to 1939. During 1939 and 1940, marked increase in wage rates, primarily in armament industries, stimulated labor turn-over and increased the dislocation of the labor market. In large part, the increase in wages paralleled the increase in the cost of living. Apparently, neither the control of hiring by the employment service in the metal and building trades during 1940 nor the 100-percent excess-profits tax passed in October 1939 exerted

Chart 7.—Monthly index of the cost of living in Germany, January 1932–March 1942



Source: *Statistisches Jahrbuch, 1938; Wirtschaft und Statistik, Jan. 1939–Apr. 1942.*

Chart 8.—Monthly index of the cost of living in Great Britain, January 1935–June 1942
[July 1914=100]



Source: *Ministry of Labour Gazette, July 1942.*

control over employers' offering recruiting inducements in the form of higher wages.

The price-stabilization policy of the British Government, put into effect in August 1941, was an endeavor to prevent further rise in the cost-of-living index apart from minor seasonal changes (chart 8). A previous law, the Prices of Goods Act of December 1940, had authorized the Board of Trade to limit price rises of specific commodities above the pre-war level to the increase in the costs of producing and selling. This power was extended in the Goods and Services Act of 1941 to permit direct fixing of maximum prices of specified commodities at any stage of production or distribution, and to fix maximum charges for the performance of specified services as well as for goods.

The government, however, did not intend to use this law to regulate wages. The traditional practice of determining wage rates by free negotiations between employers and trade-unions was continued. Despite trade-union opposition, however, pressure, even from labor representatives, to suspend collective bargaining and stabilize wages gained momentum. The proponents of this policy pointed out that there was an urgent need to remove wage discrepancies which seriously impeded the flow of recruits into war work, to step up marginal earnings of the lower grades of war workers, and to scale down abnormally high piece-rate earnings. There was also need to stabilize prices, including the price of labor, in order to ward off inflation. In the single field of agriculture the raising of government-determined minimum wage rates had the effect of reducing

the unfavorable differential between agricultural and industrial wages.

Late in 1941 and during the first half of 1942, added steps were taken both to eliminate some of the outstanding problems of wage-rate differentials and to increase production by offering additional wage incentives in government-controlled areas. Government action resulted in increases in national minimum wage rates in agriculture (November 1941) and coal mining (June 1942). The establishment (December 1941) of national wage rates for boys in the building industry served to modify the disproportionately high wage rates of beginners in relation to those of experienced workers. In the building and civil-engineering (construction) industries, piece rates were substituted for time rates as a method of increasing output.

Hour policy.—The normal working schedule in Germany was an 8-hour day and a 48-hour week in 1933. When the building and metal industries began to be handicapped by shortages of skilled workers, great flexibility was introduced in the 8-hour law. With a special permit from the local labor inspector, the working day could be extended to 10 hours on work of national importance. By 1938, the 10-hour day was general. After complete mobilization in September 1939, all restrictions on normal hours of work for adult men were abolished. However, less than 3 months after this policy was adopted, it was generally recognized that unlimited work schedules defeated their purpose, and extension of the working day beyond 10 hours, except in connection with alternation of shifts, was forbidden. Male workers over 18 were permitted to work 12 hours only if such schedule included regular and considerable periods of waiting for work.

In Great Britain, during the period when labor shortages were primarily confined to skilled-labor groups, unlimited extension of working hours was chiefly relied upon to increase armament production. After the declaration of war, and especially after the evacuation of Dunkirk, working hours for adult men in armament industries averaged 70–80 in a 7-day week. The Factory Acts were relaxed to permit night work in a 60-hour week for women and 16-year-old youths, and a 48-hour week for the 14–16 year group. This policy resulted in a rise in the cost and a decline in the volume of production, as well as marked increases in absenteeism,

tardiness, and sickness. Early in 1940 the weekly work schedule was reduced to 55 or 56 hours by substituting shift for overtime work and by introducing rest periods, and the factory acts were reapplied to enforce a 48-hour week and limit night work for women and minors except in cases of national emergency.

Increasingly acute general labor shortages during 1941 and the first half of 1942 did not change the policy of keeping hours within reasonable limits. In fact, there was increased recognition of the necessity for holidays as a means of combating absenteeism. The production drive in armaments was accomplished primarily by continuous operation on a shift basis with double shifts on Sunday, and not by the extension of overtime.

Worker Safeguard Policy

Germany.—In general, the Nazi regime has not recognized worker rights in industry. At first, worker representation on policy-making bodies within industry continued to be permitted under the supervision of the labor trustee, but such representation had little if any meaning after 1934, when worker representatives in the Labor Front were appointed instead of elected.

The German war economy tended to restrict, if not to cancel, the right of appeal that remained to the German workers after the dissolution of the trade-unions. No provision was made for appeal machinery other than the right of the individual worker to lodge a complaint with the second Four Year Plan. The right of appeal in case of unjustified termination, which was recognized in the law of January 20, 1934, was severely limited when individual claims conflicted with the armament program. In April 1937, salaried workers under 25 years of age who had been dismissed as a result of the decree that a fixed quota of workers over 40 must be hired were informed that appeal to a labor court would be useless if the employment service had officially approved the dismissal.

It is noteworthy, however, that the scope of legal protection afforded the worker has been broadened to include a minimum of financial security. Compulsory transfer has been accompanied by separation allowances to permit maintenance of a suitable standard of living, special assistance in meeting financial obligations, compensation for special hardship, and payment of

transportation costs. In addition, the importance of providing standard working conditions and ensuring adequate housing and food to maintain health and morale has been increasingly emphasized. Employers were required to assume additional responsibility for providing, in advance, suitable board and lodging for transferred workers. Labor inspectors on special commissions were specifically delegated to enforce model working conditions. To offset food shortages, certain categories of munitions workers were supplied with vitamin preparations free of charge.

The extreme scarcity of labor and the increase in the numbers of potentially dangerous foreign workers necessitated increased application of the police power in matters of labor discipline. During 1941 there were instances of heavy penalties for insubordination. For example, a plumber released from the Army who had failed to report to the job to which he was assigned was sentenced to 6 months' imprisonment, and a milker who left his job without notice was given 8 months. In April 1942 the trend was climaxed by Hitler's assumption of complete police power regardless of existing laws. Assignment to the National Socialist Party of control over the labor-allocation administration was undoubtedly caused by the need for strict supervision of foreign workers and prevention of evasion of labor controls by German workers.

Great Britain.—All three of the principal worker rights in industry—the right of representation on industrial policy-making bodies, the right of control over the job by collective bargaining, and the right of appeal in case of infringements of established prerogatives—received some measure of recognition under the armament program. Provision was also made for additional labor safeguards by enforcing standard working conditions.

Representation on policy-making bodies was accomplished by taking a labor man into the Cabinet and providing for joint advisory committees. A member of the Trade Union Congress was appointed Minister of Labour and National Service and made responsible for labor-market policy. Joint Advisory Councils were established on national and regional levels to advise the government on matters in which workers and employers had a common interest.

In the realm of job control, however, progressively increasing labor scarcity was responsible for widespread curtailment of traditional trade-union

privileges. Employment service control replaced union control of employment. At first, craft unions agreed voluntarily to relinquish their rules to permit job dilution and increased use of lesser skills. Later, pressure for further economy of scarce skills resulted in government standardization of job break-down and control of worker upgrading and training in essential industries.

The government continued to use collective-bargaining machinery to establish minimum wage rates and standard working conditions in essential industries preliminary to the introduction of employment service control of hiring and separation. Nevertheless, the wisdom of continuing to establish wage rates by free negotiation, at the expense of impeding war efforts through marked wage discrepancies and price inflation, was increasingly questioned even by representatives of organized labor.

The right of workers to appeal infringements of established prerogatives was eventually somewhat shorn of its full measure of effectiveness. Under the Control of Employment Act of September 1939, the Minister of Labour and National Service could not refuse employers permission to engage or reengage an employee unless suitable alternative employment was available, and the employee had the right to appeal to the Court of Referees under the unemployment insurance system for reinstatement or for compensation for loss resulting from such refusal. In May 1940, as a national emergency measure, the Minister was empowered to transfer any person to any work that he was capable of doing, and suitable work was no longer defined as work in the usual occupation or under the usual working conditions. At first, the worker's right of appeal in such cases was limited to individual complaints made to the divisional controller of the employment service. Later, local joint appeal boards were authorized to make recommendations concerning worker appeals, but the employment service representative retained the right of final decision except in the case of discharge for cause, in which event a unanimous decision of the appeal board was final.

In relation to government control over conditions of essential employment, it is also noteworthy that the increasing use of police power was tempered by investigation of the contributing causes of absenteeism and lateness, and by the application of remedies. At first, disciplinary

orders issued by the national service officer could be appealed, but later such offenses were subject to direct prosecution. Refusal to work a reasonable amount of overtime became an offense. Court sentences in the form of fines and 3-day suspensions from work were succeeded by jail with hard labor for as long as 3 months. Prior to enforcement of disciplinary measures, however, the national service officer was required to investigate contributory causes and take steps to improve substandard conditions. A government investigation of absenteeism in shell-loading factories revealed a number of contributory causes: difficulties of transportation over long distances, lack of living accommodations near the factory, inadequate canteen arrangements, and fatigue resulting from the 7-day week. Recommendations for improving these conditions were carried out.

Government action curtailing worker rights was

accompanied by a guarantee of minimum essential needs. Workers compelled to transfer to essential work received financial aid for normal, as well as additional, living expenses. They were assured a minimum wage, adequate transportation facilities, satisfactory health and welfare conditions, proper lodging and means of obtaining food, and facilities for recreation and education. Employed women were entitled to care of their children during working hours. Payment of their compulsory pension contributions was undertaken, and unnecessary rent increases were forbidden. Welfare officers and medical supervisors in each factory heard and adjusted workers' complaints and recommended improvements of substandard working conditions; canteens provided food. In Great Britain emphasis on satisfactory working and living conditions was considered of prime importance in the maintenance of worker morale.