

LABOR SUPPLY AND THE DEFENSE PROGRAM

EWAN CLAGUE*

THE INITIATION OF THE national defense program will result in an immediate and extensive expansion of industrial activity. This expansion will be reflected throughout our entire industrial system in the increased demand for raw materials, semi-manufactured products, and consumer goods; in some fields of production, schedules now call for a rate of output far greater than ever before achieved in this country. Such a general industrial expansion, together with special emergency requirements, should result in a much larger demand for workers than has been experienced since the depression began in 1929.

If we are to avoid unnecessary dislocation of industry while production is being redirected to meet defense needs in the order of their urgency, attention will have to be given to the problem of reemploying our vast reserve labor supply. Such a policy will result in some geographical shifting of workers and in training the unemployed persons who are not completely fitted to meet immediate demand for certain skills. As the program advances, it is not impossible that some system of priorities may have to be developed for transferring workers already employed in less essential industries. In all phases of the anticipated developments the public employment service may be expected to play an important role, just as it was called upon to do in 1917, and again in 1933, when unemployment had become a problem of national concern.

This Federal-State employment service, established under the Wagner-Peyser Act in 1933, now consists of a network of nearly 1,500 full-time offices located throughout the country, in addition to more than 3,000 part-time offices and contact points. Of the variously estimated millions of unemployed workers in this country, available figures indicate that possibly one-half are readily available for employment through local public employment offices.

In order to place qualified workers in available jobs, the local employment offices maintain the individual work histories of persons actively seeking work as well as of those who have previously

sought work through the facilities of the employment service. In these records each individual is classified according to the occupation for which he is best qualified, in the judgment of a skilled interviewer who has discussed and reviewed with the applicant his training and work experience.

The facilities of the public employment offices are available as a public service to all employers and workers. While a great deal of the early efforts of the service were directed to the emergency needs of the years 1933-36, operations since that time have been aimed toward fuller utilization of the facilities. Not only have more employers relied upon the public employment offices to fill their labor needs, but many workers who had previously never used the placement service in finding jobs are now registering for work immediately upon separation from employment.

Initiation of the unemployment insurance program in 1938 gave impetus to this trend, since registration for work at the public employment offices is required of all claimants in establishing their eligibility for benefits. As a consequence, workers, such as professional and other "white-collar" help and skilled workmen, who almost traditionally sought employment through their own efforts or merely awaited recall by their former employers, automatically register for work in claiming their unemployment benefits. This development is shown by the fact that in 1938, when only 28 States paid benefits for a half year or more, approximately 8 million registrations were received from workers who had never before made application for work through the public employment offices. It is also conservatively estimated that during the past 2½ years applications for work have been received from more than 20 million persons, and during that time the number of registrants available for work in any one month has ranged from 5 to more than 8 million.

Occupations of Job Seekers in 43 States

In April of this year an inventory was made of the characteristics of the 5.1 million applicants who were shown by their records to be actively

*Director, Bureau of Employment Security.

seeking work at local employment offices. This inventory revealed that there were applicants available for work in more than 7,000 different occupations. When the tabulation of this information is completed, it will be possible to tell how many applicants were registered in each occupation, each State, and each important industrial area in the country. Such information is particularly important in the type of planning required by the defense program, since it indicates the location of workers available for occupations demanding important skills and technical training, and shows also their color, sex, age, and the industry in which they are customarily employed. Preliminary information is now available on the detailed returns from 43 States,¹ which operate 1,200 of the 1,500 employment offices in the country and account for more than 4.1 million of the 5.1 million persons registered for work (table 1).

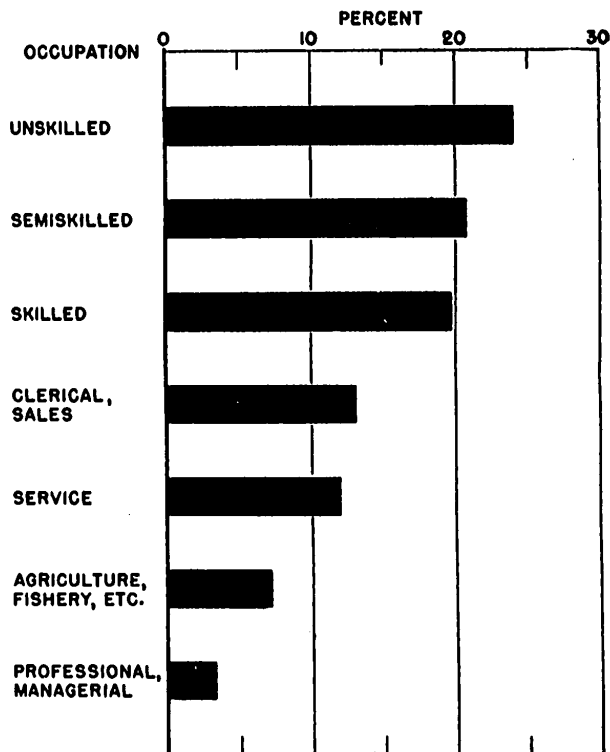
Table 1.—All job seekers registered at public employment offices in 43 States and number and percent aged 45 years and over, by occupation, April 1940

Occupation	Total	Registrants 45 years of age and over	
		Number	Percent of total
Total.....	4, 105, 102	1, 112, 012	27. 1
Professional.....	62, 528	10, 707	26. 9
Semiprofessional.....	30, 224	5, 301	17. 5
Skilled.....	815, 466	334, 954	41. 2
In manufacturing and related activities.....	327, 267	123, 838	37. 8
In nonmanufacturing activities.....	332, 901	150, 441	47. 9
Foremen.....	26, 018	14, 626	56. 2
All other.....	126, 280	37, 049	29. 3
Semiskilled.....	850, 364	192, 087	22. 7
In manufacturing and related activities.....	306, 505	106, 086	26. 8
In nonmanufacturing activities.....	360, 092	63, 031	17. 7
Apprentices.....	1, 501	548	36. 5
All other.....	92, 256	22, 422	24. 3
All other occupations.....	2, 349, 590	562, 873	24. 0

Approximately 1.7 million workers, or 41 percent of the total registered in the group of 43 States, were qualified for skilled and semiskilled trades, and more than 1 million workers were available for unskilled work. The remainder, numbering 1.5 million, was comprised of professional, managerial, clerical, service, and agricultural workers. Workers with skills utilized in manufacturing activities aggregated nearly 725,000, the largest proportion of whom had worked

¹ Tabulations were not complete for Alabama, California, Colorado, Georgia, Kansas, North Carolina, Tennessee, and Wyoming.

Chart I.—Occupational distribution of job seekers available at public employment offices in 43 States, April 1940



in textile industries. Second in importance among the workers with manufacturing experience were those in the metal-working industries, in which the possibility of labor shortage has been causing some concern. The preliminary count revealed that nearly 200,000 workers, distributed among 22 occupations, were reported as being qualified for skilled and semiskilled jobs in this type of work. Included among the 200,000 were 50,000 machinists or workers with machine-shop experience, 5,900 tool and die makers, more than 27,000 molders and welders, and about 11,000 tinsmiths, coppersmiths, and sheet-metal workers. Another relatively important group of workers was represented by mechanics and repairmen, who numbered around 60,000. Although most of the latter registrants were qualified for work on motor vehicles, 1,100 airplane mechanics were included among them. Workers with skills utilized in various branches of the leather industry totaled 45,000.

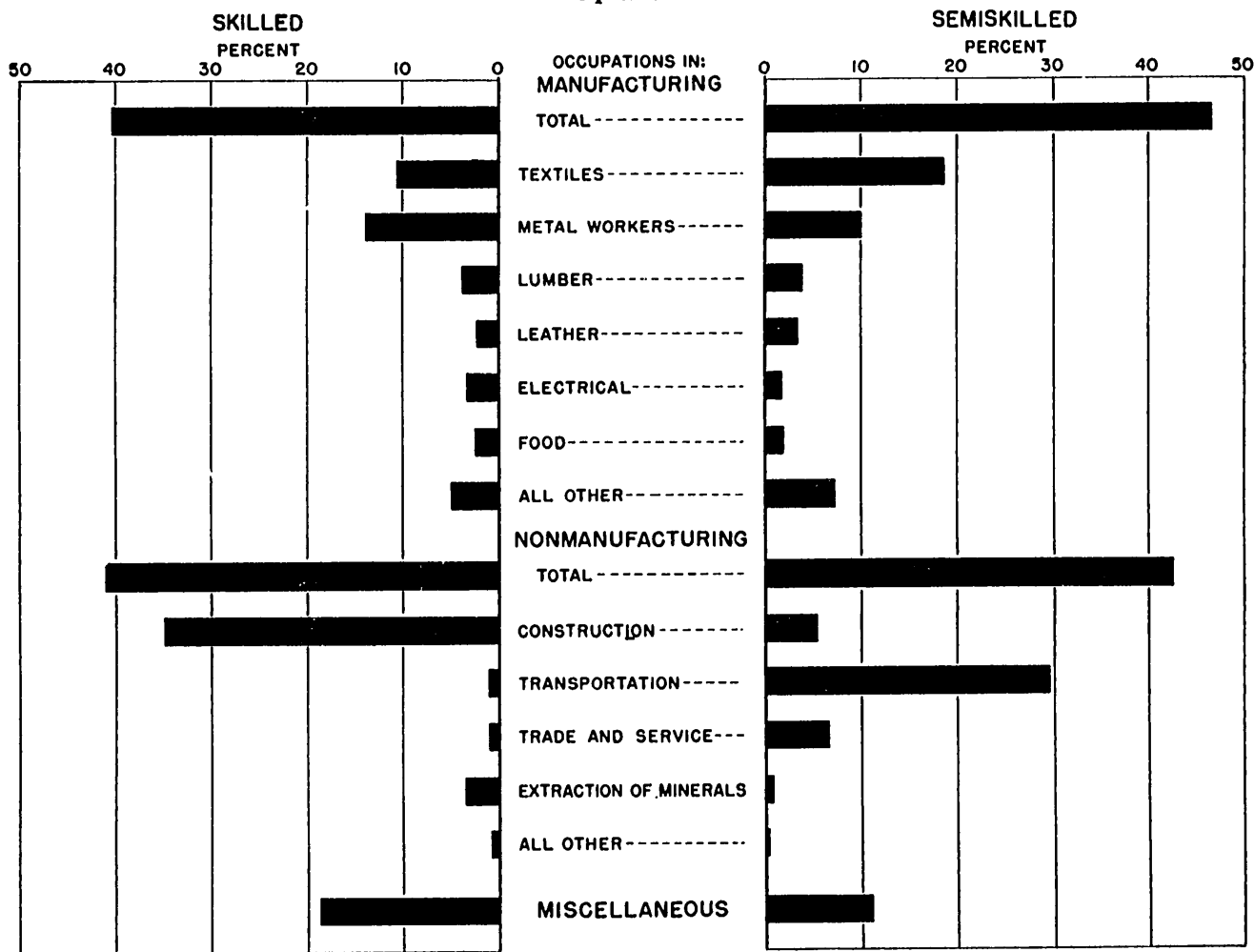
Although the current interest in the available labor supply is largely concerned with workers

who have skills used in manufacturing, a large-scale increase in the demand for such workers will inevitably create a demand for skilled and semiskilled workers whose occupational experience has been in activities other than manufacturing. Skilled and semiskilled workers available for work in nonmanufacturing industries numbered 693,000, of whom somewhat more than half had skills used in construction. Another large group was represented by workers whose occupational experience had been acquired in branches of the transportation industry; there were approximately 260,000 such workers in the preliminary count for the 43 States. The remainder of the group of skilled and semiskilled workmen with experience in nonmanufacturing lines of business was comprised mainly of workers in trade, service, and mining.

Workers 45 Years of Age and Over

The needs of the defense program have focused attention not only on the occupations of available workers but also on the age of such workers. During the past decade, when large numbers of workers with experience in many lines of industry and with diversified skills were available in the labor market, employers usually specified a preference for workers within certain age limits. Some relaxation of these preferences may be expected if there is a rapid absorption of reserve labor. In this connection, therefore, it is of interest to note that, of the 4.1 million workers included in the preliminary survey of the reports from the 43 States, more than 1.1 million or 27 percent of the total were 45 years of age and over.

Chart II.—Skilled and semiskilled job seekers available at public employment offices in 43 States, by occupation, April 1940



This age distribution for the entire group of registrants, however, tends to obscure marked variations in the age groups of different classes of workers. For example, among workers with experience in professional, skilled, and semiskilled occupations—the group on which immediate demands will be made as production schedules expand—more than 31 percent were 45 years of age or over, whereas only 24 percent of the unskilled workers were among that age group. About one-third of the workers whose occupations were related either to manufacturing or non-manufacturing industries were 45 years of age or over; for skilled workers, the proportion was 43 percent, and for the semiskilled groups it was 22 percent. In general, however, skilled workers in manufacturing industries were somewhat younger than those whose usual occupation was in industries other than manufacturing.

Among the skilled workers whose occupations were of a type that will be utilized either directly or indirectly in industries closely related to the defense program, more than one-third of the registrants in practically every class were 45 years of age or older. In some instances, such as in the case of molders, tool sharpeners, cabinetmakers, and construction workmen, these older workers comprised about half the registrants. They constituted more than 36 percent of the skilled registrants in metal-working occupations and about 42 percent of the skilled tool and die makers.

The bulk of the semiskilled job seekers were in the relatively younger age groups. In contrast to the pattern shown for skilled workers, however, semiskilled workers in the nonmanufacturing industries were generally younger than those in manufacturing. The largest single occupational group of semiskilled workers with experience in nonmanufacturing activities—transportation workers—showed only 14 percent of the registrants, chiefly drivers of motor vehicles, who were 45 years of age or over, whereas about 30 percent of the next largest group of semiskilled workers—those from the textile industry—were in this age group. About 25 percent of the semiskilled metal workers were older workers.

Clearance and Other Administrative Problems

The employment service is being geared rapidly to developments to ensure an orderly reemploy-

ment of the existing available labor supply and more effective shifting of workers already employed. The Bureau of Employment Security, the State agencies, and the local offices are reappraising their organization, procedures, and personnel resources in order to be adequately prepared to meet the demand that will be placed upon them. In this connection more attention is being given to the problem of clearing among other communities and States job openings that cannot be filled from local registers. Heretofore, the labor supply has been generally in excess of both local and national needs, and the local offices have tended to direct registration and placement activities primarily from the standpoint of local employment opportunities.

Basic to an adequate clearance system is as nearly complete a registration as possible of unemployed workers, so that the office will be in a position to serve needs beyond local opportunities for placements. It is also important that skilled workers who have been obliged to accept jobs requiring lesser skills shall be registered so that they may be referred to jobs that will best utilize their abilities. To this end, arrangements have already been made with some national unions to obtain the registration of all unemployed members in each community, even though the local employment offices may not always be utilized in placing union workers. As the active files in the local employment offices are expanded to include a greater proportion of all available workers, employers will have an added incentive to rely on local offices for obtaining needed workers. Already arrangements have been made whereby the Civil Service Commission will utilize the local employment offices throughout the country to obtain workers for employment in shipyards and arsenals and on construction and other projects; in connection with such placements, it is expected that full utilization will be made of the clearance system.

Plans for obtaining current information needed for recruiting workers through the local employment offices have been completed. Under circumstances prevailing during the past few years, the information derived from an inventory of the active file, such as was made in April, might be expected to reflect the general conditions prevailing in the labor markets of the various localities for a considerable period of time, and the informa-

tion should suffice for both administrative and analytical purposes. With the rapidly changing situation, however, as we shift from a condition of a surplus labor supply to one demanding full utilization of our labor resources, more current information is necessary.

Reports are being obtained which will furnish information on the availability and location of workers possessing the skills required by defense industries and will reveal evidences of actual or potential labor shortages as they appear. Reports on the number of registrants having experience or training in key occupations will not only make possible a current appraisal of special labor resources available at the local employment offices, but they will also furnish an indication of the rate of absorption of these workers. Such material will also indicate the need for training programs in occupations in which shortages may appear. Essentially, however, the information will show the number of workers available at public employment offices for jobs basic to defense industries.

Complementary to this report is one on job openings canceled because local offices have been unable to fill them either from their own list of

registrants or from those available in other local offices. The report will also indicate the reason for cancelation, so that it will be possible to determine the extent to which cancelation resulted from administrative factors or from lack of qualified workers in terms of employer specifications. Another report will show job openings which have remained unfilled for one week or more and the number of placements made through clearance. The job openings which are still pending will reflect situations in which jobs exist but the local offices are having difficulty in filling them, and the report on clearance placements will furnish some measure of the degree to which utilization of the clearance machinery results in locating qualified workers.

As industrial activity responds to the present program, lines of emphasis and direction may have to be modified. The employment security facilities are believed to be sufficiently broad and flexible to permit readjustment to most situations which are likely to arise. If these resources are effectively used, the more serious dislocations, such as have been encountered in previous emergencies, may be avoided.