

Industrial Relations and Social Security

Labour and Reconversion

By H. D. Wood

UNDERSTANDING of the problems of labour in the reconversion period can be assisted by a preliminary examination of the experience during the war period when labour was being directed to the armed services and toward war industries. In other words, it is necessary to examine the economic omelette which the war produced and thereby attempt to discover what the problem of unscrambling will be.

The problem is not simple. It is relatively easy to discover the volume of redirection of labour for war purposes; and crude guesses of the degree of demobilization of war industries are possible. But the more fundamental influences of the tight labour market and the predominant place of wartime government as the principal market for labour and the products of industry are not so easily discerned. The jurisdictional controversy implicit in a federal system add complexity. By way of illustration, the country operated on what was in effect a national labour code during the war, and under the unusual centralized wartime powers of Dominion government. But what will be the fate of this emergent national code, with the reassertion of provincial constitutional authority, is a question. One could make some shrews guesses.

The effect of the war on the character and location of the labour force is fairly well known. Roughly 1,000,000 Canadians entered the armed services although the peak enrollment probably was about 750,000. This number, then, was withdrawn from the labour force. However, wage and salary workers, excluding certain classes, notably in agriculture and fishing, increased in the period from

October 1939 to April 1945, by a little over half a million. On January 8, 1944, there were 735,529 persons employed as war workers.

As might be expected, there was a heavy urban drift. This is illustrated by the increase in population in the manufacturing, commercial, administrative, and port cities and the heavy loss of population from rural areas, and particularly from the Prairie provinces. Thus the estimated urban net gain from 1941 to 1944 was close to 300,000 while the net rural loss for the same period is placed at about the same figure. Three provinces gained population roughly as follows: Nova Scotia, 8,000; Ontario, 58,000; and British Columbia, 89,000. This was net gain through migration and did not include natural increase. The heavy losers through the same cause were Saskatchewan, 85,000; Manitoba, 25,000; and New Brunswick, 19,000. All of the large metropolitan regions became larger with the most notable growth in the metropolitan centres of Quebec, Ontario, and British Columbia. Gains were registered as a result of migration in the smaller urban areas in Nova Scotia, New Brunswick, Quebec, Alberta and British Columbia. The other provinces showed losses.

The problem of demobilization of war industry personnel is indicated by the figures for employment. Employment in war industries reached a peak of 1,166,000 in October 1943. Of these 261,000 were woman. This represented almost a complete diversion since there were practically no war industries operating in 1939. Wage and salary workers in civilian industry had dropped from 1,983,000 in 1939 to 1,710,000 in 1943, or a loss of over 270,000 by V. J. day (August 14, 1945). Employment in war industries of wage and salary workers had dropped to around 600,000. Since, at that time, there was little unemployment it can be assumed that the released

persons had been absorbed into civilian occupations or had withdrawn from the labour force. This is reflected in the increase in employment of wage and salary workers in civilian industry from a low of 1,710,000 in October 1942 to 2,092,000 in July 1945. Males employed in agriculture dropped from 1,210,000 in 1939 to 985,000 in 1943 or 225,000 in all. There has since been some increase but at the close of the war the total was only back to 1,010,000.

Taking the overall picture, the total gainfully occupied, and not including the armed forces increased from 3,693,000 in 1939 to 4,276,000 in 1943. If the personnel in the armed services are included in the labour force, and certainly the great majority of them will be on the labour market on demobilization, the Canadian population produced an all time record labour force of 5,029,000 or 57.2 per cent of the people in the country. The same figures in 1939 were 3,693,000 gainfully employed and in the armed services, or 44.7% of the people. That is, the labour force in employment and in the armed services increased by 1,336,000 or 33%. In thinking about jobs required after the war we must think of the swollen labour force, not the prewar figure.

The sources of the additional workers are somewhat as follows: (1) increase in population in the working ages (14 and over) from 1939 to 1943 amounted to over 400,000; (2) unemployment dropped by nearly 200,000; (4) the number of gainfully occupied women increased by roughly 400,000 although some of these would be included in the figures quoted above; (5) undoubtedly also the age of retirement was extended.

Another quantitative factor of importance is the hours of work. There was a general increase in the work week and in the amount of over-time as well as a practical elimination of layoff, and a reduction in work stoppages for other reasons such as industrial disputes. Thus, not only did the total active labour force increase very sharply, but the amount of work done per worker also increased.

The qualitative changes in the labour force also have a direct bearing on labours,

reconversion problems. During the war the emphasis on the armed forces and the great expansion of secondary production with the corresponding relative decline of the staple product industries has required intensive training of specialized skills on an unprecedented scale. The Commonwealth Air Training Scheme, the great expansion of the Navy, and the heavy reliance on armoured land forces produced perhaps the most highly mechanized armed forces in the world. To meet the direct demand the three services, in co-operation with civilian agencies trained many thousands of skilled and semi-skilled workers. Air craftsmen, automotive tradesmen, clerks, cooks, dental, radio and radar technicians and the like were produced in quantity, and even with quality. Civilian, and particularly war industries, were forced to do the same thing. Rosie the riveter and Winnie the welder as well as more skilled tradesmen were in ever growing demand, and training programs were attended to meet the requirements. Generally speaking the war produced a labour force with a higher percentage of skilled and semi-skilled personnel. In the peace there will be a desire to utilize these skills.

The magnitude of the reconversion problem is further illustrated by examination of the expansion in particular industries. If markets for the products of these industries cannot be found in the post war period the disruption of the labour force will be serious involving re-employment in areas where alternative opportunities exist; and relocation of the labour force where the reduction is taking place in company town industries based on a dominant locational factor such as a specific raw material. A few examples will illustrate the point. Employment in the iron and steel groups rose from 61,000 to 138,000 in the period from 1939 to 1943. Employment in vehicle production rose from 55,000 to 260,000 in the same period. Munitions, chemicals and non-ferrous metals employment rose from 64,000 to 241,000. A considerable proportion of this was in industries such as aircraft, explosives, guns, ammunition and other war materi-

als which have little or no peacetime market. These industries must be sharply reduced or abandoned unless the necessary markets can be developed or the industries converted to alternative lines of production. The tremendous expansion in such basic industries as aluminum, iron and steel and chemicals very probably cannot be maintained in the peace. The same is true of shipbuilding and aircraft construction. Where the expansion has been in consumer goods industries or in industries which can be converted to the production of consumer goods the transition period will not be so difficult. In fact the backlog of effective consumer demand, combining actual shortage with accumulated purchasing power, will result in expansion in consumer goods industries in the conversion period. The ultimate fate of these industries is a long run problem and not the concern of this paper. For a considerable period of time producer goods industries may be active as construction and replacement, held back because of the war, takes place. Housing, the railways, the replacement of worn-out equipment will require the output of many basic industries.

Unfortunately the unemployment pressure will be uneven throughout the country, reflecting the diversity in industrial pattern of the different regions. In those areas where there has been a fairly heavy expansion of war industries with limited application to civilian purposes the reconversion problem is most serious. Thus, British Columbia, with its mushroom shipbuilding and aircraft industries is in this class. Nova Scotia is in a somewhat similar position. This indicates special area problems. This is especially true where prewar industrialism was not highly developed.

But all this does not meet the problem of the expanded labour force. It can be anticipated that there will be some reduction in the labour force. Undoubtedly some married women will withdraw. Already the educational institutions are filling up again and the institutions of higher learning are bursting at the seams with the tremendous influx of ex-service personnel. The age of retirement will go back to normal, slightly reducing the

labour force, and the margin marking the unemployables will contract leaving a larger number in that group. Nevertheless, it can be assumed that something like 1,000,000 jobs more than in 1939 will be required if fairly widespread unemployment is to be avoided. That is, roughly 4,700,000 jobs will be necessary. This, be it noted, is between 400,000 and 500,000 more than were working in Canada in 1943, the high point of wartime employment. It is accounted for by the members released from the armed services less those assumed to be withdrawing from the labour force.

Consider next the influence of wartime economic pressures on labour institutions and the position of government. The great expansion of trade unionism to a total of 700,000 members during the war years is well known. This is the direct result of the tight labour market and the improved legal position of labour under the centralized administration and the wartime orders in council guaranteeing rights to collective bargaining and non-interference in organization. It is obvious that labour is anxious to maintain these gains both as regards numbers and legal rights. The wartime improvements resulted from the setting aside of the dominion-provincial jurisdictions as set out in the B.N.A. Act. In other words, a national code required national action. Several of the provinces have enacted legislation embodying the principles of the Dominion orders-in-council. Nevertheless, the fate of this beginning of a code will rest with nine authorities rather than one. Under these circumstances it is difficult to see how a national code can be developed. The provinces almost certainly will move out of step. For example, it is hardly to be expected that all provinces would accept the guarantee of the union shop and the check-off as legal rights. Yet these provinces are included in the Saskatchewan Act.

Two other influences of the war are of importance to labour in the transition. The reference is to wage control and of the movement of workers. Wage control is a part of the general program to maintain stability in prices in spite of the upward pressures because of the

expanded money income coupled with the shortage of goods. Control over the movement of labour was based on a principle of selective service designed to direct labour where it would be most effective for the war effort.

A fact of great importance has been the position of the Dominion government as the principle market for the product of industry. As supplies of the armed forces, and, through mutual aid gifts to other countries, the Dominion government had an almost insatiable demand for war materials and supplies. The above mentioned developments were natural results of this situation. Government demand for troops and for war materials produced the national Resources Mobilization Act, Selective Service, price control, material priorities, and the gradual assumption by the Dominion of the responsibility of reducing industrial disputes to a minimum. All of this was part of a pattern which gradually forced itself into view even though at times it looked more like an unsolvable puzzle.

The cessation of hostilities has not meant the complete reversal of all the trends set in motion by the war. In other words, the economic omelette mentioned earlier is not being unscrambled, even though some evidence to that effect is available. We have seen that there have been permanent changes in the labour force as to size and quality. Likewise the industrial structure has been altered permanently. Some expanded industries will operate at a higher level of employment, and some new industries will continue to operate. But some must contract, and others disappear. Nevertheless, it is in regard to the emergent problems of today that it seems imperative that at least a large degree of centralized direction of the economy is necessary. Unemployment insurance and the National Employment Service illustrate the point. The transition problems in many cases can be handled more adequately as national rather than provincial problems. They are largely the result of wartime national economic direction. Unfortunately the provinces do not all seem to be inclined to surrender authority

to the Dominion. This is important immediately in relation to the social service program of the Dominion. In the longer run it may have a very important bearing on problems of labour. The need for a national labour code is a case in point. Likewise, if the reestablishment of full employment should require the full resources in taxation and borrowing of the Dominion, the recent failure of the Dominion-Provincial Conference will have proven to have been a serious reverse.

In summary, then, the war produced major distortion and changes in the Canadian economy of great significance to labour. The labour force was greatly expanded, it was controlled as to movement and wages. Old industries expanded and new ones were established. Rural areas lost heavily in population to the cities. The capacities of the labour force were altered by wartime technical training. Organized labour's position improved under wartime conditions and a much larger part of the labour force was unionized. The end of the war brings the personnel of the armed services onto the labour market but some withdrawals are taking place. The net result is a much larger labour force than in 1939. At the same time, government demand for labour directly in the armed services and indirectly through industry has been sharply reduced and will continue to fall. Compensation has come partly through the backlog of production orders by business enterprises and ultimate consumers. Except in particular areas unemployment should not remain at a very serious figure until the backlog of demand disappears and the economy moves into the problem of long run employment. During the transition the gains in organization and in the legal status of trade unionism may be under a considerable strain, especially because of the decentralization which is taking place.

NOTE: Statistical information used in this paper was taken largely from the appropriate reference book prepared for the Dominion-Provincial Conference on Reconstruction, and from *Location and Effects of Wartime Industrial Expansion in Canada 1939-1944* published by the Department of Reconstruction, Ottawa.

Maritime Labour Institute Conference

The third annual conference of the Maritime Labour Institute of Dalhousie University, held this year May 15-17, brought together over 60 representatives of trade union locals in the Maritimes to hear speakers on a wide range of topics of interest and importance to organized labour. Unions from all types of industry—coal mining, ship building, carpentering, painting, paper-making, salt mining, railroading—were represented at the course. The delegates came looking for information; when it wasn't given in the addresses they asked for it; and to their organizations they took back new ideas and new goals.

It is fitting with the Maritimes' pioneering record in Canadian industrial relations that, through the Maritime Labour Institute, they should take the lead in labour education, said Dr. L. Richter, Director of the Institute, in welcoming the delegates. The greetings of the University were brought by President A. E. Kerr, and Colonel K. C. Laurie extended the welcome of Dalhousie's Board of Governors.

Representatives of the Trades and Labour Congress of Canada and of the Canadian Congress of Labour welcomed the delegates on behalf of their national organizations. Hon. L. D. Currie, Minister of Labour for Nova Scotia, spoke to the delegates, as representative of the provincial government, calling on them to take the lead in educating labour to its rights and responsibilities in to-day's Canada.

Keynote of the conference was the topic of Dr. H. D. Woods, Associate Professor of Industrial Relations at McGill University, "Labour and Reconversion." He sketched the problems of reconverting the nation's economy to peace-time production: the backlog of demand for capital and consumer goods, the enlarged labour force, the dangers of inflation, and the divided jurisdiction of labour questions by the federal and provincial governments.

Norman S. Dowd, Executive Secretary of the Canadian Congress of Labour, spoke of the task of the International Labour Organization, describing the work done at its Paris Conference last October, and its plans for the future.

"The Health of Industrial Workers" was the subject of Dr. F. S. Parney, Chief of the Division of Industrial Hygiene of the Department of National Health and Welfare, Ottawa. Dr. Parney reviewed recent developments in industrial medicine, and set forth the methods by which workers can be protected from occupational diseases.

Delegates were intensely interested in the social security system of New Zealand, described by Hon. David Wilson, High Commissioner for New Zealand in Canada, and formerly a member of the Dominion's Labour government. Wilson told of the measures taken to achieve social and economic security in New Zealand, and the methods through which the beneficial measures are being carried out. (For more details of New Zealand's social security system, see High Commissioner Wilson's article in this issue.)

During the last few months the housing shortage has been one of the most controversial issues in Canada. To bring delegates a clearer understanding of the problem, and the methods by which it may be solved, Professor Benjamin Higgins, of the International Labour Office, and McGill University, spoke on "The Housing Crisis." Nearly two-thirds of the nation, he stated, is poorly housed, because of inadequate facilities to meet the demand of middle and lower income groups. The basis for solution is the cessation of high monopolistic prices on material, and of restrictive labour practices, and the development of new methods and materials for construction. Private enterprise, with government help in the form of low-interest, long-term loans, can meet the needs of the middle income group, but housing for the low-income group, he declared, will call for large-scale government subsidization of housing projects.

Ted F. Silvey, Reconversion Officer of the C.I.O., Washington, spoke to the delegates on "Labour and Technological Change." At one time technological change was strongly resisted by the workers, he related, but to-day, both workers and management have accepted it as necessary and desirable for a prosperous life. But technological progress, he declared, has outrun social and economic development, and to-day's challenge is to bring about great changes in these fields, so that recurring cycles of booms and depressions may be abolished.

The final speaker was Russell Harvey, of the American Federation of Labour, Toronto. He described P.C. 1003, the Dominion's war-time Labour Relations Act, and urged unions to become more familiar with its provisions, its shortcomings and benefits, as a prelude to harmonious peace-time labour relations.

Personnel Lectures at Dalhousie

A series of weekly lectures on personnel problems, under the auspices of the Maritime Bureau of Industrial Relations, brought delegates from many Nova Scotian industries, and from the armed services, to Dalhousie University through April and May. Authorities in many fields of industrial relations addressed delegates at the six one-day lectures,

Each day's conference opened with an address by the speaker, after which the delegates gathered in small groups to discuss the subject and frame questions. When the main body reassembled, the questions were presented to the speaker for discussion. Delegates took full advantage of the opportunity to seek solutions for many of the problems their work occasioned, and to gain information about the most up-to-date methods and principles of industrial relations work.

The first speaker was J. W. Nickerson, formerly of the Management Consultant Division of the United States War Production Board, and author of a widely used booklet on Wage Incentives. He

spoke on organization of industrial relations work, outlining the steps which have to be taken in setting up an industrial relations department, and the activities with which it should be concerned. He explained the application of wage incentives, setting forth the basic systems, and pointing out the dangers to be avoided.

Dr. J. S. A. Bois, of a Montreal engineering firm, was the speaker on April 16. An industrial psychiatrist, Dr. Bois' subject was "Getting Along with the Worker." He gave an account of the psychological factors which play a decisive role in human relations. Workers, he declared, must never be confused with machines; their emotions cannot be directed and turned on and off at will. Every employee is an individual, and must be treated as such if his actions are to be understood and his grievances allayed.

The place of foremen in the industrial relations picture was the topic of Dr. J. B. Rollitt, the special lecturer on April 23. He spoke of the importance of the foreman's position in maintaining industrial peace, and the means by which the foreman could be helped to fill his proper role.

An outline of recent labour developments in the United States, and the changing trends in the labour picture, was presented by Dr. Paul H. Norgren, Labour Attache of the United States Embassy at Ottawa, who spoke on April 30. Dr. Norgren helped the delegates visualize the American scene from the standpoint of labour and of management, and sketched the framework in which American industrial relations move.

On May 7, D. McCallum, Personnel Manager of RCA Victor, Montreal, spoke on "Job Evaluation and Classification." He pointed out the increasing interest in this branch of personnel work, and showed how it could be used to the advantage of both management and labour in settling industrial disputes centring on wage questions.

Final speaker in the course was Professor F. A. Magoun, of the Massach-

usetts Institute of Technology. No stranger to his audience, whom he had addressed at previous conferences of the Bureau, Dr. Magoun spoke of the explorations of psychology into the human mind. The subconscious forces that direct an individual's actions in any circumstances, and the necessity of properly understanding these forces in dealing with people, were explained, and their implications for industry emphasized.

Each paper in the series, with its wide variety of topics, brought forth many questions from the audience, and created lively discussion periods with a valuable harvest of new ideas and methods.

Personnel Course for Coal and Steel Industries

The Maritime Bureau of Industrial Relations held a two-day course on

April 26-27, in Sydney, Cape Breton, for supervisory personnel of the coal and steel industries. From the United States Bureau of Mines, Washington, S. H. Ash came to the conference to address the delegates on "Safety Measures in Coal Mines." Ash spoke of the high accident rate in mines, and of the methods by which it had been reduced. Explosions and cave-ins, the most common and dangerous types of mine accidents, have to a great extent been brought under control by modern safety methods and the enforcement of accident-prevention legislation: however much remains to be done, both in preventing these disasters and in carrying out wider safety training to prevent other mine accidents and fatalities.

The second speaker was J. W. Buch, also of the United States Bureau of Mines, who outlined the problems of mine mechanization, and suggested some possible solutions.