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Demobilization of Manpower, 1918-19

By

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Letter of Transmittal

UNITED STATES DEPARTMENT OF LABOR,
BUREAU OF LABOR STATISTICS,
Washington, D. C., May 19, 1944.

The SECRETARY OF LABOR:

I have the honor to transmit herewith a report on demobilization of manpower in 1918 and 1919. The study is in three parts: 1.—Plans for returning soldiers to civil life; 2.—Early phases of demobilization; and 3.—Employment situation in 1919. Part 1 of this study appeared in the March 1944 issue of the *Monthly Labor Review*, and part 2 in the April 1944 issue. The report was prepared by Stella Stewart of the Bureau's Division of Historical Studies of Wartime Problems.

A. F. HINRICHS, *Acting Commissioner.*

HON. FRANCES PERKINS,
Secretary of Labor.

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Demobilization of Manpower, 1918-19

Part 1.—Plans for Returning Soldiers to Civil Life

Until the war is won, the spotlight must be focussed on the process of building, training, and equipping our armed forces. Nothing can be allowed to detract from the concentration of national energy necessary to win a complete victory over the enemy at the earliest possible moment. The army of production takes its place, along with the armed forces, in this concentrated effort. Nevertheless, a knowledge of the relative and absolute magnitudes of the mobilization of manpower and economic forces involved in this war requires that, behind the scenes, serious thought be given to the problems of returning the soldier and the industrial worker to peacetime activities.

The same necessity existed in the first World War. Study of the problem of demobilization of the soldiers was not begun until a month before the end of the war, however, and then the need for haste resulted in mistakes that might have been avoided under more leisurely planning and consideration. No program was adopted for the effective passing of the industrial worker to peacetime production. The inevitable appearance of unforeseen problems which arose during demobilization at the close of the first World War will repeat itself at the close of this war. Further, the task will be much greater; the number of men will be three times as large as in 1918-19 and soldiers from the United States will have served longer and in more combat areas, so that the period of their demobilization may be longer than was the case after World War I. The magnitude of current industrial production is a forecast of the problems of transition and contraction.

For these reasons it seems probable that that earlier experience may be of value in planning the gigantic task of demobilization that lies ahead. The present article, which relates solely to the demobilization of the soldiers, reviews the four proposals for the return of servicemen to peacetime pursuits that were advanced in that earlier war period, showing where they originated, who supported them, and their respective merits and disadvantages.

When the first World War came to an abrupt end with the signing of the Armistice on November 11, 1918, the armed services of the United States had been expanded from a peacetime force of about 380,000 to almost 5,000,000. About 3,700,000 of these, constituting the "emergency army" (that is, those enlisted or inducted during the war), were eligible for immediate discharge when the war ended.

Official consideration of plans for the discharge and return of these men to civil life had been started a month before the Armistice.

This left far too little time for adequate preparations for so complicated a task. The method finally adopted was the traditional plan for demobilization by military organizations. The military authorities favored this plan and it was the only one for which regulations and administrative procedures could be quickly developed at so late a date.

However, three other plans had been advanced, proposing demobilization (a) by industrial needs or occupations, (b) by locality, through the use of the local or regional draft boards, and (c) by length of service.

(a) The first plan, demobilization by occupation, had been adopted originally by the British, but proved to be so unfeasible that new legislation was passed, allowing the men to be withdrawn on the general basis of length of service.

In both Great Britain and the United States it was civilians who proposed and supported the occupational-demobilization plan. The plan's proponents in the United States recognized that, to be successful, it must be predicated upon an exhaustive analysis of the industrial situation of the country, especially if it was to be used for providing employment for skilled and unskilled discharged soldiers, many of whom had developed new proficiencies during their service and would not wish to return to their old occupations. Such an analysis had not been made.

Another major defect of the plan was its disregard of the instinctive individualism of the average American and of the fact that regimentation after return to civil life would prove distasteful. This demobilization system was carefully reviewed by the General Staff but ultimately rejected.

(b) The second method, that of using draft-board machinery for facilitating discharge, was developed by the Provost Marshal General who had been closely connected with the operation of these boards during the war. He argued that the local communities could do more than any other agency to reestablish the released soldier. He insisted that the problem of "finding the job for the men and of replenishing industry and agriculture at the point of depletion" could best be done on a local scale.

His plan was favored by many civilian groups who thought that if the men were returned to the communities from which they came they would be more readily drawn into the economic life of these areas and this, in turn, would relieve the situation in the large industrial cities near debarkation camps, where there would inevitably be a brief period of great unemployment as the munitions plants reverted to peacetime production.

The Provost Marshal General's proposal was forwarded to the Secretary of War and then to the Chief of Staff. However, the military-unit demobilization plan had already been adopted and announced, and it was then too late to utilize even the best features of the draft-board plan.

The value of many of the aspects of the draft-board plan became apparent during the winter and spring of 1919 when the War Department was besieged by citizens of all classes urging that the released soldiers be withdrawn from the industrial centers which were also faced with the problem of dealing with thousands of unemployed

war workers for whom the Federal Government had provided no means of carry-over from wartime to civilian employment.

(c) The third method, discharge by length of service, was rejected for valid reasons. The country had been at war for only 18 months, and the majority of the men had been in service a year or less. It was important that the men in France, regardless of period of service, should be returned to this country as soon as possible.

Review of these several proposed systems of demobilization leads to the conclusion that it was regrettable that plans could not have been perfected far enough ahead of the need for their application to have incorporated the best and most feasible features of each. This would have required the sympathetic cooperation of the professional soldiers, familiar with military procedure, and the trained civilian groups which were familiar with the industrial and economic needs of the country.

Expansion of the Army

The story of demobilization of the Army after the first World War cannot be intelligently evaluated without some knowledge of the expansion of the Army to its size at the time of the Armistice. The United States has never maintained a large standing Army, because of its geographical situation and its amicable relations with its neighbors on the North American continent. For protection from foreign aggression, this country has depended upon a strong Navy.

The American people were loath to accept the inevitability of participation in the World War of 1914-18. When the United States entered the war in April 1917, therefore, it was unprepared from both a military and an industrial standpoint. The achievements of supply of manpower and material during the following 18 months were striking and at that time unparalleled.

On April 1, 1917, just prior to the entrance of this country into the war, the personnel of the armed forces of the United States numbered 378,619. Of these, 291,880 were in the Army. Immediately following the declaration of war on April 6, enlistment was accelerated and was heavy throughout April, May, and June.

From the beginning of hostilities the American military experts declared themselves in favor of the "selective draft" as the only democratic method for increasing the size of the Army. They emphasized that it would distribute the burden of combat equitably through all areas of the population, all social levels, and all occupational groups. A bill to provide for "selective service" was introduced into Congress almost immediately after the declaration of war. It was not a popular bill, being termed "the Administration's program of conscription." However, it became a law on May 18, 1917. The act called for the registration of all men "between the ages of 21 and 30 years, both inclusive," but with the proviso that men should be drafted only if voluntary enlistments did not provide the 500,000 additional men needed immediately. It differed from similar acts of the Civil War in that no bounty could be offered to induce enlistments.

Altogether, 9,780,535 men responded to this first registration, held on June 5, 1917. This number proved inadequate for the rapidly increasing military demands, partly because of the number of deferments and exemptions which greatly reduced the number

of effectives in Class I, available for military service. Another limitation was the limitation of the age requirements for military service.

On May 20, 1918, Congress passed a Joint Resolution requiring registration of men reaching the age of 21 after June 5, 1917, and authorizing the President to require further registrations. Under this resolution there were two registrations, totaling 10,679,814. It was from these early registrations that all inductions into active service were made.

It became evident by the summer of 1918 that the expanded military campaign proposed for the spring of 1919 would require many more men than were available from the above groups. Therefore Congress in August 1918 extended the age limits for military service to include men between the ages of 18 and 45, inclusive, but the Armistice came before any of the 13,229,762 men registered under the amendment were inducted.

The gradual expansion of the armed forces between April 1, 1917, and the Armistice in November 1918 is shown in the accompanying table.

Expansion of the Armed Forces of the United States After April 1, 1917, and Total Strength on November 11, 1918¹

Item	Total	Army	Naval forces
Number in armed forces, April 1, 1917.....	378, 619	291, 880	86, 739
Additions.....	4, 412, 553	3, 893, 340	519, 213
Selective Service.....	2, 810, 296	2, 810, 296	(²)
Enlistments.....	1, 371, 970	879, 258	492, 712
Commissions.....	230, 287	203, 786	26, 501
Total strength, November 11, 1918.....	4, 791, 172	4, 185, 220	605, 952

¹ Report of the Provost Marshal General, December 20, 1918 (tables 79 and 80, pp. 223 and 227).

² Additions to Naval forces by induction were negligible.

Troops Eligible for Discharge at Time of Armistice

Only the "emergency army," made up of men enlisted or inducted during the war, was eligible for immediate discharge. What is more, some of the inducted men were en route to camp when the fighting ceased and so were little affected by the problems of demobilization. When the Armistice came, this new emergency army was concentrated in two big groups, consisting of the forces still in cantonments in the United States, and the American Expeditionary Force in France. Small numbers were stationed in the insular possessions and in Siberia. The following statement shows the distribution of the "emergency" troops on November 11, 1918.¹

	<i>Number</i>	<i>Percent</i>
In Europe.....	1, 981, 701	53. 5
At sea en route to Europe.....	22, 234	. 6
In the United States.....	1, 634, 499	44. 1
Total.....	3, 638, 434	98. 2
Others.....	64, 839	1. 8
Grand total.....	3, 703, 273	100. 0

Annual Report of the Secretary of War, 1919, Vol. I, Part I, p. 448.

Initial Steps Toward Demobilization

The Secretary of War commented in his annual report in 1919: "The problem of demobilization of United States forces was different from that of other countries since its pivotal or key men had not been withdrawn from industry nor had its manpower been drafted to the same extent as those of our Allies."² However, later events indicated that, even so, demobilization could not be satisfactorily accomplished without definite plans developed well ahead of their need. The Secretary himself said, "The first steps in demobilization were taken while the policy itself was being formulated."³

The first move toward demobilization made by the General Staff was on October 8, 1918, just a month before the Armistice. It was then suggested that, because of the enormous expense connected with the military establishment and the desirability of a speedy return to normal economic conditions, repatriation and demobilization of the armed forces should be accomplished with the least practicable delay.

At about the same time an informal note was sent to the head of the Army War College: "There are one or two questions it seems to me should be studied and worked out so that you shall be good and ready for any contingency. The first of these is the plan for demobilization and musters out. * * * I do not want to advertise it too much at present as it might be thought to be peace propaganda."⁴ The War Plans Division immediately began a study of "plans." Expedition was urged, since other divisions would need to review the final report, but even then great secrecy was urged.⁵ Aside from the development of general policies it was necessary for each branch of the service (motor transport, signal corps, engineers, chemical warfare, services of supply) to make its own specific plans.

The formal report to the Chief of Staff analyzing the various proposals for demobilization and making recommendations as to general procedures was not forwarded until 10 days after the Armistice, but undoubtedly major decisions had been reached earlier. No demobilization plan adopted would have been universally acceptable, but this lack of preparedness and its results brought continuing criticism from every quarter.

Proposed Methods of Demobilization

The General Staff reviewed four distinctly different policies for the demobilization of the soldiers at the close of World War I. One was accepted, and three were rejected.

The method adopted, that of discharge by military units, is a matter of record. The public is less familiar with the other three plans. They proposed demobilization (a) by industrial needs or occupations, (b) by locality (through the use of the local or regional draft boards), and (c) by length of service.

These methods separate themselves into those originating in civilian groups, whether or not they were in the civil establishments of the Federal Government or attached to the War Department; and those

² Annual Report of the Secretary of War, 1919; Vol. I, Part I, p. 14.

³ *Idem*, p. 463.

⁴ Army War College files, Chief of Operations, General Staff, to President, Army War College.

⁵ *Idem*, Chief of Operations' Memorandum of October 16, 1918.

supported by the professional military groups in the offices of the Chief of Staff, the Adjutant General, or the Provost Marshal General.

The civilian programs were the result of investigation and careful consideration by two separate but sympathetic groups. The first open approach to the demobilization problem was through the civilian experts who were working with the War Department on personnel classification. This group included outstanding psychologists and personnel administrators, most of whom were in uniform and working closely with Army officers in the Adjutant General's office. The second civilian group consisted of economists and executives in the Department of Labor (chiefly in the War Labor Policies Board and the U. S. Employment Service) and in the War Industries Board.

There was frequent conference and interchange of ideas among the various civilian groups, but there is little evidence of any genuine effort at mutual understanding between these groups and the military strategists in the War Department. There is, however, considerable evidence that each group pressed its proposals upon the Secretary of War, himself a civilian.

DEMOBILIZATION BY INDUSTRIAL NEEDS OR OCCUPATION

The civilians, both in the established Government departments and in the emergency war agencies, were deeply conscious of the difficult economic, industrial, and fiscal situation which would confront the country with the cessation of production for war, and the inevitable interval of uncertainty as the industries of the Nation took stock and made their essential readjustments of program, plant, and personnel. There was an undisputed need for an extensive and intensive survey of the country's industries, of their ability to return promptly to peacetime production and so keep to a minimum the unemployment attending the transition period. The civilians' study of these questions led them to the conclusion that "the rate of absorption [of labor] into industry is the active and variable factor in the demobilization problem."⁶

It was logical therefore that a proposal for industrial demobilization based upon industrial needs should gain their support.

British plan.—The details of such a plan had been worked out and adopted in Great Britain, partly in the War Office but mainly in accordance with civilian opinion. Under this plan, men needed for industrial and civil reconstruction would be the first to be released from the Army; and the rate of demobilization would be controlled by industrial needs.

A member of the United States Committee on Classification of Personnel of the Army spent some time in England in the spring of 1918. He studied this plan carefully and came back convinced that some adaptation of the plan to the situation in the United States would greatly facilitate industrial readjustment and would insure "that the men in the Army shall be so dispersed that skilled and unskilled labor in its many classifications of kind and degree shall be made available for industrial absorption as needed."⁷

⁶ National Archives. Department of Labor, War Labor Policies Board: Memorandum to Chairman of the Board from Walton H. Hamilton, October 28, 1918.

⁷ Army War College. Report to the Secretary of War on British Plans for Demobilization and Recommendations as to the American Program.

An analysis of the British plan, to be used as a basis for approaching the American problem, was prepared and a recommendation for the adoption of this plan was submitted to the Adjutant General and the Secretary of War in the summer of 1918. The two civilian groups were working together and by the fall of 1918 agreed that, should the plan be adopted, some cooperative arrangement should be made with the Employment Service of the Department of Labor in its administration.

It is possible that the greater problem of the readjustment of the country's industries to peacetime conditions, and concern over the effect of the returned servicemen upon a surplus labor market during a period of mounting unemployment, obscured in the minds of these men the fact that the soldier was a citizen with rights and privileges as an individual when he had finally discharged his duties as a soldier. The British plan, as reported, provided that men should be drafted from the Army for service in civil life upon the declaration of peace much as, upon the declaration of war, men were drafted from civil life for service in the Army. Whatever the desirable factors of the plan, it took into little account the instinctive individualism of the average American, and gave scant consideration to the serviceman's possible negative reaction to further regimentation upon his release from the Army, but provided that he should be moved about as best fitted the success of the scheme. This fact was well stated by a member of the staff of the War Labor Policies Board: "Any policy of reconstruction is largely dependent upon the spirit with which it is met by the men to be demobilized. No one can say with certainty what the effect of adventures, discipline, physical training, etc., which men have experienced in the Army, and the psychology resulting from the offer of sacrifice, will be."⁸

Attitude of plan's proponents.—Although the plan for demobilization by industry was ultimately rejected by the Chief of Staff and the Secretary of War, brief consideration should be given to some of its specific details and to the attitudes of some of its supporters. To the Committee on Classifications it was "obvious that America * * * must demobilize by trades if a disastrous condition of unemployment and unrest is not to ensue. Demobilization by * * * any other schedule is not feasible. * * * The interests of the Army * * * must be subordinated to the civic interests."⁹

Under such procedure the primary factor in the priority of demobilization would be the individual's industrial classification, and the first administrative task would be the classification of officers and men by profession, trade, or occupation. This task was already partially done, as the so-called "qualification cards" of the men were based upon their skills and experience at the time they entered the Army. It was suggested that these cards, which had "proved effective in taking men from industry and placing them right in the Army," be used for redrafting them into industry, for, in the opinion of the committee, "there is just as close a relation between classification and placement in industrial life as there is between classification and Army placement; it is all part of the same problem." However, there was no record of new skills acquired in the Army, nor of the possible desire for change resulting from the experiences in the Army and in new and

⁸ National Archives. Department of Labor, War Labor Policies Board: To Chairman from G. S. Arnold, July 24, 1918.

⁹ Army War College. Report to the Secretary of War on British Plans for Demobilization and Recommendations as to the American Program.

different surroundings. It was granted that an "exhaustive analysis of the industrial situation of the country and the preparation of a program of reorganization on a peace basis" was essential to the functioning of the plan, and it was suggested that the Department of Labor should assume this task.

Economists on the staff of the War Labor Policies Board were, in the summer of 1918, engaged in analyzing the major problems of industrial readjustment. Elaborate memoranda were prepared but they dealt largely with generalizations and were of necessity speculative. One member of the staff acknowledged this and urged the substantiation, by fact, of some of the statements made. The following abstract contains the essential statements on the release of the soldier.

For this large body to be projected upon the community without provision for immediate employment is unthinkable. And however confident we may be that they can shortly be assimilated there is bound to be an intermediate period of great confusion unless some elastic source of employment is provided—work which may be available for all, but work of such a character that, if the conditions of the country provide occupation more rapidly than is expected, it can be postponed for future completion. Enough of such employment should be provided and it should be so elastic in its nature that it will for a period of 2 or 3 years provide work for the maximum estimate of unemployed men, and yet, in part at least, not be sufficiently pressing or important to offer competition to permanent necessary employment. It might be advisable to do much of this work before the men are actually discharged from the Army, with the provision, of course, for the payment of industrial as opposed to military wages. (National Archives. Department of Labor, War Labor Policies Board: Memorandum to Chairman from G. S. Arnold, July 24, 1918.)

A longer and more comprehensive memorandum "Upon the Problem of Demobilization" discussed in great detail the problem in general and the obstacles which would be encountered, and gave many specific suggestions for carrying out a policy of demobilization by industry.

The memorandum stressed the necessity for correlation of military discharge with accessibility to reemployment, without periods of "idleness and dependency." This required recognition of the fact that munitions workers, released in large numbers from war plants, would also be seeking employment. Thus, there were "two complementary problems of employment to be solved. To give employment to discharged soldiers by denying it to munitions workers" was to "solve one problem of unemployment by creating another." In other words, if the situation was to be met squarely, enough jobs must be provided to satisfy both groups, and at a high rate of absorption, for it was probable that the release of war workers would not be at the even flow anticipated for the release of soldiers.

The key problem of providing a "mechanism" for discharge was well stated. There was no doubt that failure so to provide would mean failure of the plan as a whole. "It will probably involve the reorganization of the Army into new units, based upon occupational status, for demobilization purposes. * * * Demobilization will involve not so much legislation as a long series of administrative decisions. Its success depends upon the precision and quickness with which they can be made. This depends upon the range and accuracy of information at hand and upon a mechanism for translating judgments into accomplishments."¹⁰

¹⁰ National Archives. War Labor Policies Board: Memorandum to the Committee on Classification of Personnel of the War Department from Walton H. Hamilton, October 28, 1918.

The Chairman of the War Labor Policies Board commented to the Secretary of Labor upon the "comprehensive plan" of the Committee on Classification of Personnel and said:

The function of the War Department as the Committee views it, ends with the actual demobilization of the war, but the Committee keenly appreciates the necessity of conducting demobilization in such a way that it shall best meet the industrial requirements of the country, and shall result in a minimum of unnecessary unemployment, and no breaking down of recently established labor standards. * * * It is necessary to determine when and where the industry of the country can re-absorb the men and whether it is possible to stimulate industry to so great a degree that this re-absorption can be effectively accomplished. * * * It is unnecessary to dwell upon the disastrous results to labor which may result from allowing the demobilization to take its course without more definite preparation than the present general speculation on problems of reconstruction. (National Archives. War Labor Policies Board: Memorandum from Chairman Frankfurter to Secretary Wilson, October 22, 1918.)

After the Armistice and even after the War Department had announced the demobilization policy which it had adopted, supporters of the industrial plan continued their exchange of views. Some of the salient points of one of these memoranda were as follows:

* * * the physical productive capacity of the country is large enough to furnish employment to all discharged soldiers and munitions workers and to spare. But this does not prove that a purely military demobilization will furnish employment to the discharged as they need it. * * * A haphazard discharge of men and cancellation of contracts will not give men and materials in the order in which they are needed to hasten the resumption of business. * * * Whatever the ultimate capacity of the system to take labor, there are abundant reasons for thinking that unless extreme care is taken the labor market will be glutted. * * * A word must be added about the possibility of local gluts. * * * Unless the flow is locally controlled, soldiers will be demobilized in such centers as Bridgeport, Pittsburgh, and Detroit, in which most of the work now going on is under Government contract. If this happens, soldiers will be sent into markets disorganized by the involuntary discharge of munitions workers through the cancellation of Government contracts. (National Archives. War Labor Policies Board: Unsigned memorandum to Lieut. Col. Coss, a member of the Committee on Classification of War Department Personnel, November 1918.)

All of these statements reveal concern over the inevitable period of unemployment which would accompany contract cancellation, unless the Federal Government made specific provisions for bridging the gap during the months when soldiers would be leaving the Army.

Results of industrial demobilization plan in Great Britain.—Since the American proposal for industrial demobilization was premised upon the British plan which had been worked out with great care, it seems desirable to report upon the results of the British effort. At the time of the Armistice, the United States had been in the war about 18 months, as contrasted with more than 4 years for the British. (The British soldier's length of service therefore parallels the probable experience of the American soldier in this war more nearly than in World War I.) The following record of the British experiment comes from Winston Churchill's story of his participation in demobilization following World War I.¹¹ In January 1919, 2 months after the Armistice, Mr. Churchill had consented to take over administration of the War Office because the "temper of the Army and the problem of demobilization caused increasing anxiety." He was "immediately confronted with conditions of critical emergency." Under the plan for demobilization by occupation, "key men" in industry were being hurried back from the front regardless of their length of service, but

¹¹ Churchill, Winston S.: *The Aftermath—1918-23* (Preface and Chapters I and III).

because they were key men many of them had been at the front only a few months. Then, too, the plan lent itself to abuse, and influence released certain men ahead of their comrades without such support but with many months of Army service. The inevitable result was the undermining of Army discipline and the creation of great impatience and resentment on the part of the troops.

It was decided that only one remedy would prove effective—a complete change in the scheme for demobilization. The new policy provided that (1) soldiers should, as a general rule, be released from the front in accordance with their length of service and their age, (2) the pay of the Army was to be immediately increased to lessen the gap between the rewards of military and civil employment, and (3) the younger men who had completed training but not yet seen active service were to be sent abroad to serve in the Army of Occupation, in place of the older men and those of long service. Once this new system was understood, the disaffection of the soldiers disappeared and later the men were discharged at an average rate of 10,000 a day.

Mr. Churchill himself deprecated the lack of coordination between the plans for meeting industrial and military needs. Possibly the results would have been better if the military group had been willing to give the new plan a sympathetic hearing and if the civilian originators of the new and untried procedure had tried to integrate it more closely with the traditional demobilization methods of the Army.

DEMOBILIZATION BY LOCALITY

A memorandum recommending discharge of the soldiers through the local draft boards was submitted to the Chief of Staff on November 11, Armistice Day, by the Provost Marshal General, who had been in close association with these boards¹² during his administration of the Selective Service Act. His memorandum stated:

The economic need of finding the job for the man and of replenishing industry and agriculture at the points of depletion is an obvious one. * * * But its complexities are so vast that any solution on a national scale will be many months in coming. In the meantime, the problem will be more or less a local one. * * * These returned men will be without jobs. There is only one agency most obviously fitted to do this [provide jobs]. * * * That agency is the one which in the first place took them out of their jobs. * * * Every local board virtually now knows where every man came from and the opportunities which exist in his community for reemploying him. * * * No measure could be more popular to the responsible interests of this country than the one here mentioned. These boards include representatives of agriculture, banking, manufacturing, commerce, labor, and the professions. They possess the confidence of their own communities in an unexampled degree. To charge them with the proposed task would meet with unanimous popular approval." (National Archives. War Department, Files of Chief of Staff: Draft Boards.)

The Government had already made provision for family allotments, term insurance, Liberty Bond allotments, compensation for disability, etc., the carrying out of which would require months of administrative activity at the best. Delays were bound to occur as a result of the difficulties of handling official investigations through a central agency far removed from any intimate knowledge of the individual facts. As the Provost Marshal General saw it, it was "imperative to employ * * * an agency localized in each

¹² There were 4,643 of these boards and, in addition, there were the district boards, all familiar with local and regional conditions.

community to serve as the local intermediary between the Government and the soldier."

He also believed that the individual welfare of the soldier would be furthered by the adoption of this method:

The returned soldier * * * has in all times been an element of unrest in the community. * * * [He] has just been freed from a rigid system of restraint; he is something of a licensed hero; and however young, he now thinks himself a veteran, and emancipated from control. There ought to be some central agency that is charged to look after him. That agency is the local board. * * * There will be an intense need in most communities, and for a large portion of the returned soldiers in all communities, of some sort of a controlling and supervising influence. This individual welfare of the returned soldier is not exactly his moral welfare, but it is something above and beyond his economic welfare. It is not easy to describe but it is a very real thing. (National Archives. War Department, Files of Chief of Staff: Draft Boards.)

The memorandum was forwarded to the Secretary of War and then on November 26 to the Director of Operations for review. It was too late, however, for this memorandum to be considered, as orders had already gone out on November 19 to begin demobilization from camps in the United States by organization or military unit, and the adoption of this traditional method had been announced by the Secretary of War and the Chief of Staff.

Among the several groups that were early supporters of the local-board plan was the Vice Chairman of the War Industries Board. In a memorandum to the Chairman of the Board he said that it was his impression that the military demobilization plan just announced by the War Department was "one of convenience for the Army rather than one calculated to meet the demands of industry." It was the declared policy of the War Industries Board to release materials to nonwar industries in order to stimulate peacetime activities. As this would be futile without a supply of skilled labor, the Vice Chairman proposed using the local draft boards in the demobilization of soldiers still within the United States, in accordance with "the evident needs of industry for the immediate future." He emphasized the need for skilled workers and recommended that such men "experienced in food, fuel, mining, or transportation industries" be furloughed, whether here or abroad, on certificate of need from war agencies such as the Food Administration, the Fuel Administration, and the Emergency Fleet Corporation. Furlough, rather than discharge, was proposed to insure that these men would be employed where their skills were most needed. Publicity of this plan was urged "to prevent dispersion and tend to reconstruct the nonwar industries to their former status. * * * A general plan of completing discharge of our whole Army at point of origination through local draft boards is favored." Throughout, the memorandum favored some constructive and expedient method of bringing the soldiers back to their places of pre-war employment and reflected a compromise with the plan for full demobilization by trade or occupation.

The members of the draft boards were, of course, in favor of local demobilization. Not only did the communities want their men to come home, but farmers and business and professional men could give employment to large numbers of returned soldiers in their localities.

That the proposal received wide publicity is evident from the flood of letters received by the War Department in its support after de-

mobilization was in progress. These letters were forwarded to the Secretary of War from members of Congress; they came from governors and mayors, from State councils of defense, and from citizens' committees. It is probable that propaganda stimulated some of the letters, but they continued to come throughout the winter of 1919, as the problem of unemployment became increasingly acute.

There were legal technicalities which made it impossible for the War Department to provide for the discharged soldiers the type of transportation which would insure their movement out of the cities. Legislation passed later only partially solved this difficulty. Then, too, it was stated that the proposal would prove both costly and inexpedient, that the necessary administrative details must be carried out at larger centers.

It was conceded that the use of the boards would get the men nearer their homes, but could not keep them there. "Whether the draft boards would succeed in placing men where they had come from and keeping them there is a matter of considerable doubt. It is believed, in view of the insistent demands that men be released from the camps where the work of demobilization is now concentrated and being done systematically by trained officers and men, that if the draft-board system were considered the largely increased personnel required by dispersing the same work * * * would result in a popular demand for the return to the system now being used."¹³

DEMOBILIZATION BY LENGTH OF SERVICE

The plan of demobilization in accordance with length of service, the system finally used by Great Britain, was considered by the General Staff and rejected for valid reasons. The United States had been at war a relatively short time. Most of the overseas troops had been abroad little more than 6 months. Almost 50 percent of the emergency Army was in camps in the United States, and some of these men had been in camp only a few weeks. Others, chiefly in the Services of Supply and other services needed for the administration of the camps, had served longer than many of the troops abroad.

DEMOBILIZATION BY MILITARY UNIT

As already noted, the traditional method of discharge by military organization was adopted and announced to the press by the Chief of Staff on November 16—5 days after the Armistice. This was just a month after the War Plans Division had been directed to develop plans for demobilization, and before the final formal report had been received by the Chief of Staff.

There can be no doubt that the plan of discharge by military organizations was considered by the military authorities as the method best adapted to the immediate problem. "The decision as to the essential principles under which our Army was to be demobilized was made by the Chief of Staff in person, who determined on demobilization by units. * * * He promptly and unerringly selected from the many plans proposed the one best suited to American conditions."¹⁴ The

¹³ National Archives. War Department, Files of Chief of Staff: Letter to the Executive Committee of the Independent Citizen's Committee of Welcome from the Chief of Operations, December 4, 1918.

¹⁴ War Department. Files of General Staff: Lecture on Demobilization, January 28, 1921.

chief claims made for this method were that it expedited discharge, that it insured the orderly return of troops, that large military units represented a cross section of American industrial life, and that because of its flexibility the rate of discharge could be controlled and provision could be made for special situations and individual cases. Under this method large units of men no longer needed could be discharged en masse. Other units needed at ports of debarkation, at convalescent centers, and at cantonments, could be retained as a whole. If carried to its logical conclusion it would prevent favoritism in release of certain classes, but it could also provide for the release of certain groups needed to support the civilian economy.

Demobilization was scarcely under way before complaints and requests for special treatment of individual or group cases began to pour into the War Department. The flood of discharged servicemen into the large industrial areas brought an avalanche of calls for modifications in the demobilization program. Most of the letters dealt with one of two problems—the danger to the community of too rapid demobilization, or the need for obtaining the prompt discharge of men needed in specific industries. These complaints and the tenor of the replies reflect the haste with which the reversal from mobilization to demobilization was undertaken and the desirability of a program from the outset which would have combined the best elements of the several policies proposed. The complaints mounted, most of them suggesting a modification of the system being used, in order to divert the discharged soldiers away from the large cities.

Many of the requests for action to ameliorate conditions came from Congressmen who were besieged by their constituents, sometimes from purely selfish motives, but more often in the interest of the community or of the servicemen themselves. The War Department found it difficult to answer these letters meticulously, to be consistent, and to defend the system and the results of its applications.

One of its replies contained a carefully worded statement of the efforts being made to overcome the "local shortcomings" of the operations in progress:

Such organizations [of citizens] which find in the large cities a congregating of ex-soldiers and other persons without employment, have, it is believed, erroneously become convinced that this crowding to the larger cities is a fault of the War Department's system of demobilization, and that their proposed scheme of demobilization through the local draft boards would have prevented such crowding. It is believed that this opinion is entirely unjustified. Young men from the farms and rural communities have been taken from their secluded homes and isolated communities and have seen something of the world. The desire of such young men to go to large cities and seek the excitement and distraction there to be found is a fault of human nature that cannot be overcome by legislation or War Department regulation. The fact that discharged soldiers after their discharge go to the large cities is not a fault of the War Department demobilization but has occurred in spite of careful plans taken by the War Department to encourage soldiers to return to their homes.

This phenomena [sic] of persons crowding to the large cities is not confined to the United States, but is occurring in every country that was in the war. At the completion of wars, the tendency has always been shown for soldiers returning from war to flock into the cities. * * *

I have written at this length because I wished to make it clear that demobilization is proceeding in accordance with a very definite and considered policy, and the War Department feels certain that as time passes and the matter is more thoroughly understood and the facts become more completely known, the country will become convinced that the demobilization was conducted in an efficient and

well-planned manner, to the best interests of the greatest number of people of the United States. (National Archives. War Department, Files of Chief of Staff: Letter to Head of the House Military Affairs Committee from Chief of Operations, February 25, 1919.)

Another reply to a Congressional inquiry contained this understanding paragraph:

Demobilization is inevitably an unpopular process, * * * The eyes of soldiers are turned from contemplation of the country's enemy to provision for their own future, and no man with human sympathies can fail to be moved in their behalf. But for the public official entrusted with the completion of the undertaking it is a time for self-restraint and broad vision, a time to see the larger aspect steadily and to see it whole. (National Archives. War Department, Files of Chief of Staff: Letter to Senator McKellar from Secretary of War, February 3, 1919.)

During the winter of 1919 the country was faced with a situation which necessitated many modifications of the original procedures for demobilization by military units. Finally, in March 1919, the War Department published an official statement, entitled "The Army Demobilization System Reviewed and Analyzed in Order Better to Acquaint the Public with the Many Difficult Problems Arising."¹⁵

At that time the country was suffering from an unemployment crisis, resulting from the cancellation of war contracts for goods of no peacetime value. The analysis of the demobilization situation attempted to explain the abrupt discharge of thousands of servicemen in the absence of a well-planned program for their reemployment, in view of the acute industrial situation. This detailed statement is, in the main, a reply to the persistent demand for the use of the draft boards for final discharge of the men. That such a necessity should have arisen leads to the conclusion that from the beginning a system of demobilization could have been used which would have incorporated the most desirable portions of each proposal. A part of this statement is a fitting conclusion to this review of the various plans proposed for demobilization of the soldiers, any one of which would have failed in some degree because of the unexpected Armistice and the delayed preparations for readjustment.

This, then, is the tremendous problem that confronts us—to return to a country whose digestion for labor is not now of the best, hundreds of thousands of men without employment, not forgetting that they and their families deserve the grateful thanks of the Nation, and remaining keenly aware that their patriotism and sacrifice demand that they be given every possible recognition and favor.

As the welfare of the country demanded our entry into the war, and its vigorous prosecution regardless of sacrifices, so does it seem that the welfare of the country at large demands our first consideration in the matter of demobilization. The absorption by the country of these returning men without disorder and without upsetting the economic life of the Nation becomes of paramount importance. The question arises—can the country digest these men best if fed into it in large contingents by discharge in certain restricted areas such as the ports of the Atlantic seaboard, or in small groups, distributed throughout the entire country in such a way that the processes of assimilation can work easily on each small group?

The administration of demobilization of the soldiers is a separate story and its results must be integrated with the coordinate problem of the release of thousands of industrial workers.

¹⁵ U. S. Official Bulletin (Washington), March 24, 1919 (p. 6).

Part 2.—Early Phases of Demobilization

The national income in 1918 was larger than in any pre-war year. About one-fourth of it went toward the expenses of running the war, but more people had been employed at higher wages than ever before. There was little advance in the incomes of salaried workers in the middle and lower income groups and their standard of living had declined as prices rose and war taxes increased, but wage earners, both skilled and unskilled, had after a lag benefited materially from steadily increasing wage levels and full employment. Wage advances resulted from the great demand for workers in the war production areas and from a desire to allow nothing to interfere with the steady output of war goods. These wages were further enhanced by additional pay for overtime work.

Aside from savings represented by war savings stamps and Liberty bonds, few of the workers in the low-income groups had made any provision against the time when abnormal wage payments would cease. Many of them had known thrift as a necessity but they had not acquired the saving habits that might have encouraged them to save from their high wartime wages. Furthermore, there was no effort to encourage the workers to save against a day of need, and neither industry nor government had assisted in the accumulation of an emergency fund.

The war-making agencies proceeded upon the assumption that the war might last until 1922. Plans had been completed for accelerating the war effort. Hundreds of thousands of men anticipated an early call to the armed forces. Thousands of additional Government contracts had been negotiated. Industries were preparing for more complete conversion to production of war products. The U. S. Employment Service was expanding and making more effective its work of providing the adequate number of workers for the scattered war plants. Government controls over industry and over civilians were to be tightened. The War Labor Administration was busy with wage adjustments and settlement of labor difficulties.

This concentration upon the war effort had official approval, and there was no encouragement of discussion of the problems to be faced when the war was over. However, readjustment problems engaged the minds of various groups in Government circles and in industry during the 6 months preceding the Armistice.

Civilian Proposals for Post-War Readjustments

There was full agreement that there could be no return to pre-war levels of production, employment, and wages, and there was no doubt as to the industrial future beyond the months of so-called reconversion. Judgments differed, however, as to the magnitude and precise character of the post-war problems and the time span required for the swing away from production for war, through the inevitable temporary but acute period of low productivity, unemployment, uncertainty, and unrest, to the upswing of full production for peacetime requirements. Only a few realized the dangers inherent in short-range planning when industries began to compete for markets

servicing a public with relatively high and widely distributed purchasing power. It was the immediate and transitory post-war period which provided the basis for most of the pre-Armistice considerations. There is great similarity between these proposals of 1918 and the current "post-war planning" which has received official commendation during this war.

The various proponents of a plan of action discussed different angles of the readjustment problem but there was complete unity on one point—the urgent need for an announced Federal policy supported by constructive legislation and sufficient funds to meet emergencies as they arose. It was generally conceded that the task of developing a flexible program for the employment of men and machinery, during the interim while the Government cancelled war orders and industry equipped itself for peacetime production, should be undertaken by an authoritative governmental agency, nonpartisan in character and entirely free from the pressure of wartime considerations. Without governmental action at both the Federal and State level the cost to the Nation resulting from serious interruption to production and the accompanying unemployment would be greater than the outlay for a well-conducted program for "buffer" employment.

The secretary of the Council of National Defense made the following general observations in August:

It is elementary that after the war America will not be the same America. * * * New conditions and relationships create new problems for nations as well as for individuals * * *; the change will be as great in the thought and ideals of the Nation as it will be in its strictly material problems, whether these be military, commercial, or those having to do with labor. (National Archives. War Department, Files of Council of National Defense.)

Economists of the War Labor Administration, who argued for the creation of an official agency to act during the readjustment period said: "Already groups with pecuniary interests at stake are busied in studying the situation with a view of turning it to their own advantage." They contended that, lacking governmental action, there would be compromise between the strongest of these interested groups, with little or no consideration of important but obscure interests. "Unity of effort cannot be superimposed. * * * If a consistent plan is to come, it must be because those who are responsible for it are animated by a common desire, a common viewpoint, and a common willingness to merge their contributions into a common whole."¹

With this point of view the board of directors of the United States Chamber of Commerce was in agreement. It urged upon the President Federal recognition of the problem, in order that all class interests should be subordinated to the interests of the country as a whole.

The general acceptance of this proposal led many executives in the emergency war agencies to assume that certain governmental controls and restrictions would be retained during the period of cancellation of war contracts and retooling for civilian production. The Secretary of the Capital Issues Committee, in a memorandum of November 9, made the following statement:

Industrial reconstruction after the war might be left to take its own course without governmental interference just as industrial preparation for war might have been left free but was not. The free operation of economic laws would result in wide price fluctuations, unemployment, and prolonged business depression. * * * There would seem to be no need therefore of any argument to

¹National Archives. War Labor Policies Board, Reconstruction Files.

show that the Government must assist wherever necessary by artificially stimulating and restraining natural economic forces. (National Archives. War Labor Policies Board, Reconstruction folder.)

Another businessman of the staff of the War Labor Policies Board believed that there would be sufficient demand for consumer goods "for a time at least," provided there was "a gradual reduction of war orders and carefully considered arrangement of selling prices for basic commodities. * * * In my judgment there is bound to be a period of confusion at the outset, considerable disorganization and uncertainty and at least temporary unemployment." He felt that commodity prices which had been at a high wartime level should be decreased, and that profits of the larger organizations had been such as to warrant price reductions without the lowering of wage rates.

The method in which this hard piece of work is done will have a most vital effect on the success with which demobilization and the re-introduction of demobilized labor into industry is carried out. The social atmosphere is such that * * * the inevitable reduction of the dollar wage rate should follow and not precede, in a majority of industries, reasonable reductions in market prices. (National Archives. War Labor Policies Board, Memorandum from George W. Perkins to Felix Frankfurter, November 1918.)

There was, in addition to these broad approaches to the readjustment problem, considerable discussion as to the rate at which production of war goods should be discontinued. One group argued that the more gradual the rate of contract cancellation, the less critical would be the incidence of unemployment and the more readily could released workers be reemployed. The other contention was that it would be futile to attempt to postpone the drastic changes resulting from cessation of war orders; that the more promptly contracts were cancelled the more quickly manufacturers could obtain access to raw materials, the speedier would be the reconversion of plants and therefore the shorter the period of unemployment.

There was, however, one grave defect in all of these discussions: they centered in Washington. There was no stimulation of post-war thinking at the local or community level. Although local groups had participated in wartime activities, it was not until after the Armistice that there was open discussion of reconstruction problems. With the Chief Executive engrossed first in winning the war and then in plans for the peace conference, and with little or no pressure upon members of Congress from their constituents, it is not surprising that the legislation which was proposed for enabling a smooth transition from war to peace died in committees with little or no public debate. Thus the country faced the post-Armistice period without help from its leaders.

The abrupt advent of the Armistice found the country unprepared for the reversal of this huge program. The Federal Government had become the largest employer in the country but it gave less consideration to the welfare of these workers, both industrial and clerical, than it would have expected from private industry. Neither the Government nor industry had provided machinery for readjustment to peacetime employment. Therefore, when the fighting stopped, the country was totally unprepared for the return to peacetime living. The War Department was not ready either for the discharge of the soldiers or for the discontinuance of its huge manufacturing program. The result was that the Armistice ushered in a period of uncertainty, of claims and counterclaims, and of unemployment and tension for tens of thousands of civilian workers.

War Department Program

The majority of all industrial workers were directly or indirectly employed by the War Department which had, during the war, encountered all phases of the labor problem. The selection, training, and movements of about 4,000,000 men in the armed services had also been the exclusive responsibility of the War Department. When the war ended, slightly more than half of these men were in France and about 1,600,000 eligible for immediate discharge were in training camps in this country. Therefore there was centered in the War Department both the authority and the responsibility for two of the major post-Armistice transactions affecting the lives of millions of American citizens—the demobilization of the Army and the cancellation of war contracts with the subsequent release of thousands of workers in war plants. This agency was not prepared for either task.

While it tardily made plans for the prompt discharge of the soldiers, it disavowed any responsibility for their welfare as private citizens. Later, however, it reversed this policy and cooperated in all efforts to obtain employment for those who needed assistance.

During the war the Department had supported the maintenance of such standards for war workers as would aid in the continued and prompt production of supplies for the Army. Conscientious efforts were made to improve living conditions for workers in all war industries. The Secretary of War himself had said, however, that the War Department had no other purpose than to see that the armies received adequate supplies when and where they needed them. This indicated little thought for post-war adjustments.

The method to be used in demobilizing the soldiers was announced soon after the Armistice, but formulation of policy had been so delayed that there was far too little time for selection and training of the administrative force required for the task. The work was hampered still further because camps in this country were widely scattered. What is more, all early plans had been directed primarily toward the handling of men from overseas. The first order for soldier discharge was ready within a week after the Armistice and called for the release of about 600,000 men, in camps in the United States, who could no longer be of service. Actual discharge moved slowly. During November 45,000 men were released, about 90 percent of them during the last week of the month.

During this period, the War Department was working upon a program of contract cancellation. It had been agreed that the policy should be developed in consultation with such other agencies as the War Industries Board and the Department of Labor. Each major cancellation was to be reviewed as to its effect upon the industry, the worker, and the geographical location of the plants. In order to have at hand dependable information on industrial conditions and opportunities for reemployment, the U. S. Employment Service made a weekly telegraphic survey to determine the location and amount of labor surpluses or shortages.

On November 12 the Secretary of War, Secretary of the Navy, and Chairman of the Shipping Board issued directions to discontinue immediately all Sunday and overtime work on Government construction and in Government owned or operated plants. This meant a sharp reduction, frequently as much as 50 percent, in the pay of the

workers. This first step in the process of the workers' adjustment to peacetime conditions was bound to create unrest and uncertainty.

Most of the wartime gains of the workers had been long overdue. They were just and right. Now, the certain markets provided by war needs were fast disappearing. However optimistic the long-time industrial future of the country, the immediate future appeared clouded. If Government restrictions were lifted, prices and the cost of living were sure to rise. Surplus workers and released servicemen would compete for available jobs. The result would be industrial strife as workers fought to retain their recent gains. The months immediately following the close of the war were certain to be as abnormal as were the feverish months of preparation for war.

No legislation was available for this emergency. An Army officer said in 1921:

Throughout the period of demobilization the legislative agencies left entirely to the War Department the solution of problems pertaining to the disbandment of our forces and disposition of surplus munitions. Even industrial demobilization was largely affected by military policy. (Lecture at Army War College on Demobilization of Men of the Emergency Army, 1921, p. 2.)

Fortunately for the employment situation, the rate of discharge of the soldiers was initially much slower than anticipated, owing in part to delay in preparation and in part to the lack of sufficient shipping space for returning the men from abroad. By December 1, the U. S. Employment Service had established offices in all camps east of the Mississippi River, to assist the men who were not returning to their old jobs to find employment. This work was hampered in more than one way. One difficulty was that the soldiers' qualification cards were based upon skills which they had when they entered the Army; many of them had received special training while in the service and were fitted for and desirous of obtaining work of a different character from that indicated on their cards.

During November there was a policy of gradual tapering off of war production and although workers and employers feared the worst, actually there was little distress. The announced value of cancellations was high but it included value of contracts on which work had not yet been begun; deliveries of finished goods, valued at about 2 billion dollars, were made in November. Manufacturers of goods suitable for civilian use continued their operations.

There was great pressure from Congress upon the War Department for economy and reduction of expenditures. The Secretary of War in a letter to the Chairman of the Senate Military Affairs Committee stated on November 18 that there had already been a saving of \$700,000,000 through stop orders on contracts where work had not yet been begun; cancellation of contracts in process of execution had effected a saving of more than \$400,000,000; and the stopping of overtime and Sunday work was saving about \$2,900,000 a day. This pressure, coupled with advice from certain industry groups and an evident desire for change in procedure on the part of responsible officers of the War Department, resulted in a change of policy and abandonment of the centralized program for tapering off production.

Most of the November cancellations were for some percentage of the product rather than the whole, and many of them were for products where not more than 25 percent of the labor in the plants had been diverted to war work. The important items scheduled for early

cancellation were confined chiefly to cotton and woolen goods, wood products and hardware, and automotive products. There had as yet been little cancellation of contracts for products where labor was 100 percent on war work.

Changes in War Department Policy

Events were shaping themselves into a pattern quite different from that indicated by the current public statements of Government officials. The judicial review of proposed cancellations delayed action beyond the wishes of the War Department. It had accepted the premise that continuance of war contracts required the use of raw materials better diverted to civilian use either here or abroad; that production of war materials with no peacetime value should be discontinued "as speedily as is consistent with the primary consideration of labor and the industries." There was, however, no governmental directive to implement these "primary considerations."

On November 27 an Advisory Board on Sales and Contract Termination was established by the War Department. Immediately there was an abrupt change in cancellation policy, and the War Department assumed full responsibility for cancellation. The intention was to accelerate cancellation greatly. The administrative functions were transferred to the District Offices of the Ordnance Branch, which would act upon orders from the supply bureaus. The U. S. Employment Service hoped that under the new procedures its regional and State directors would be able to obtain adequate information concerning the numbers and location of workers in the plants where production was to be discontinued. The earlier method had not yielded such information. The cancellation and curtailment schedules gave no indication of the way in which labor would be affected. Schedules relating to the same class of commodity frequently lacked any statement of labor conditions in the particular plant, the industry as a whole, or in the communities affected. Under the new plan the War Department, at the urgent request of the U. S. Employment Service, ordered its regional cancellation officers to consult with local representatives of the Employment Service "so that these matters of labor dislocation may be considered before the trouble is caused."

Speedy cancellation was now the order of the day; and it was comparatively easy to handle cancellation orders with expedition. However, the reconversion of plants and the reemployment of workers could not keep pace. During the first week in December thousands of curtailment and cancellation orders went out. Many of them included the phrase, "Incur no further expense." By December 9 these recent cancellations totaled more than 2 billion dollars. The geographical distribution of this slow-down in war production was approximately as follows:

	<i>Percent</i>
Middle Atlantic States.....	33
North Central States.....	27
New England.....	21
South Atlantic and South Central States.....	13
Western States.....	1

It must be remembered that the Government's shipbuilding program was not affected by these cancellations.

Beginning of Unemployment

The policy-making officers in the War Department seem to have been skeptical from the beginning concerning the seriousness of pending unemployment. The following statement, dated December 5, 1918, was made in a memorandum to the Chief of Staff:

It is believed there is nothing to justify the prediction of hard times, industrial depression, lack of employment of large numbers of soldiers on account of the rate of discharge. * * * By the time immediate labor needs are satisfied, new construction will require the service of discharged soldiers. * * * The estimates that there may be considerable unemployment in the future are pure guesswork and there are many indications that there will be ample employment for all. It is believed the energy and resources of manufacturers and urgent need of the world for American raw materials and manufactured articles and the spirit of helpfulness displayed by the entire country will solve the question of unemployment for discharged soldiers and other war workers without any period of extended hard times or lack of employment. (National Archives. War Department, Files of the Chief of Staff: Demobilization.)

This note of optimism was reflected in most of the official statements of December, and even in the President's message to Congress. The Secretary of Labor, in a press conference as late as December 17, stated that thus far there was nothing in the weekly reports on industrial conditions "to indicate there is any difficulty in absorbing those who are being released from military forces and war emergency institutions."

It was the immediate problem of the transitional period which was the concern of those closest to the labor situation. With the cooperation of citizens and civilian organizations including the Red Cross, and men's and women's local clubs, the U. S. Employment Service proceeded to establish in communities throughout the country offices which would provide jobs for men returning from war and from the areas where there had been emergency war work. These offices were organized and managed by local committees. The U. S. Employment Service acted as a clearing house, keeping the records of jobs and of men, and directing the men sent to them by local bureaus.

In the meantime production under contract with the Government was being stopped so rapidly that the Employment Service, which had agreed to the decentralized control of the entire project of cancellation, complained to the War Department that its own explicit instructions to its district officers were being ignored in some areas. No advance notice of cancellations was being sent to the labor representatives, and in the Ohio area laborers were being released by hundreds. Private organizations in areas where this situation existed were protesting or making suggestions for easing off army orders.

One such suggestion was for converting orders for army shoes and clothing into manufacture for the civilian market, so far as materials on hand would permit. "Thousands of firms would thus be enabled not only to keep their present labor forces over the winter but would have a definite time in which to reconstruct their commercial organizations." In this case the records indicate some official concern, a courteous reply, but no action. In some instances, particularly in the manufacture of subsistence supplies, there was definitely a gradual transfer over from war orders to civilian production.

However, it was in the plants operating entirely on munitions and war materials that there was the greatest need for some program,

sponsored jointly by Government and industry, for providing employment for idle workers.

By December 28, surpluses of labor were mounting daily in the cities where war industries were closing down. The immediate situation was most critical in Ohio and Michigan. The South was the only section of the country where there was an increasing demand for labor resulting in large part from the continued expansion in shipbuilding. Day by day the industrial situation grew more distressing. All munitions centers were affected. The area of surplus labor comprised in general the States of Massachusetts, Connecticut, New York, Ohio, Michigan, and Indiana. The number of workers out of employment was increasing in these areas.

Although the program for the demobilization of the soldiers was still in its formative stage, more than 600,000 men were released during December, of whom only 70,000 were men returned from overseas. About 30 percent of those released in December were demobilized in areas where workers were rapidly being released from war plants. There can be little doubt that the majority of these men returned promptly to their homes. They had not been subjected to experiences which alienated them from their environment, as had the men in the American Expeditionary Force.

It was the minority which drifted aimlessly about the big cities. Although these men were not representative of the whole they did constitute a restless, roving group. Idle, and joined with unemployed and disaffected war workers, they formed a potentially dangerous element in the Nation's life. Wise, courageous, and sympathetic solution of their problems could not result from expedient decisions of the moment; it could come only from mature consideration of operating procedures worked out well ahead of their use, with subsidiary plans for meeting inevitable unforeseen emergencies.

Employment Situation in Various Industrial Areas

CONNECTICUT AREA

The Bridgeport, Conn., Local Board of Mediation and Cancellation, composed of representatives of employers and employees, appealed to the National War Labor Board on December 18 for some modification of cancellations to correct the rapid release of workers, and to "assure a graduated decrease in the number of munitions workers employed in Bridgeport." Connecticut was a crucial area for war production, and the abrupt cancellation of the ordnance program therefore created alarm in all business and labor groups. Great quantities of small arms and ammunition had been produced in this area which already had plants producing such materials when the United States went into the war.

The Connecticut post-Armistice situation had been a matter of continual concern. The Chief of the Small Arms and Ammunition Section of the War Industries Board had submitted a memorandum on November 23 to the Director of Purchase, Storage and Traffic, the controlling cancellation agency of the War Department, in which he carefully enumerated the problems of certain localities upon cessation of war work, including the Connecticut area. He urged cooperation between the regional representatives of the Army and the industries,

with a view to reducing the rate of deliveries and thus maintaining employment while contractors returned to "normal industry." The War Department felt that industry should itself take some initiative, since it was plain that war production must cease.

There is every evidence that the contractors in the Connecticut areas had been given the option to taper production gradually from January 1, 1919, to May 1, 1919, giving ample opportunity for gradual release of workers. The appeal from the Connecticut Board of Mediation and Cancellation was immediately followed by a long and urgent telegram to the Secretary of War from the Governor of Connecticut stating that—

War-contract suspensions are proceeding in Connecticut in an unreasonable manner and at an alarming rate which jeopardizes our whole industrial organization affecting labor and capital alike. * * * Council of Defense and Employment Service unite in recommending first that recent large cancellations * * * be revoked for further consideration; second, that the curtailment program be modified to extend over a longer period; third, in the case of important contracts, manufacturers and Employment Service be given reasonable notice of proposed suspensions to determine effect and make readjustment; fourth, that materials under suspensions be released for commercial work and that future curtailments be made after due consideration of possible effect.

The day following the release of this telegram the Clearance Officer of the U. S. Employment Service made a separate presentation to the War Department in which he stated that the Federal Employment Director for Connecticut reported that: "Accumulated cancellations and suspensions, concerning which the Employment Service had no advance notification, have thrown out of employment more than 4,000 persons in New Haven." Further evidence of the lack of real cooperation between representatives of the War Department and those of the Employment Service during this period is contained in the following paragraph of this memorandum:

It was the understanding that the Employment Service would be kept immediately in touch with cancellations or curtailment. It was also the understanding that cancellations or curtailment would be made with consideration of cancellations and curtailment already made in that district. This intent clearly is not carried out if a large number of cancellations involving the release of a great number of laborers are issued from the District Office at one time and without notification to the Employment Service. (National Archives. War Department, Purchase, Storage and Traffic File 164—Labor; from Sanford Freund to Assistant Director, Dec. 20, 1918.)

These protests from various sources were passed along to cancellation officials in the War Department. One result was a memorandum from the Chief of the Procurement Division, who admitted that there were no statistics as to the number employed on war work in Bridgeport, and no information concerning the number who would be thrown out of work through suspension of contracts. He stated that the Ordnance Department was kept advised of labor conditions throughout the country and considered as carefully as possible the effect of suspensions upon employment. He then said:

It has been forcibly suggested to the Department by Members of Congress and Senators, that a good deal of the agitation in favor of continuing contracts on account of the labor situation was clever propaganda on the part of the contractors who wish to continue to manufacture materials which the Government does not need, simply for profit, and considerable pressure has been exerted to force the suspension of contracts as rapidly as possible.

It was his judgment that it "would have been greatly to the advantage of the Government if it had been possible to stop the work immediately and to pay off the men, giving them 30 or 60 days' extra wages * * * for in this way the Government would have lost only the cost of labor and would have saved vast quantities of good material." He drew attention to the abnormally increased population of Bridgeport, and stated that many of the workers would have to leave the congested area and in many cases have to accept lower wages.²

A few days later, the Assistant Secretary of War (the Director of Munitions) wrote to General Goethals, the ranking cancellation officer, urging that his office support the district offices in ascertaining the degree to which manufacturers who had been allowed to spread production over a considerable period were adopting procedures which "would best serve the interests of all concerned. The question has been raised, however, in some instances as to whether manufacturers are in fact using this discretion in a way to secure the least possible dislocation and hardship to labor." He repeated his earlier urgent recommendation that close cooperation with the Employment Service be maintained "so that the necessary steps can be taken for the absorption of the labor employed."³

OHIO AREA

Ohio, too, was in difficulty. Cleveland, Toledo, and Dayton all were receiving orders for ordnance cancellations or curtailment. In addition, winter would bring seasonal idleness to many other workers. There was a prospect that plants might remain closed for "at least 2 months because of lack of confidence in price of raw material and lack of commercial orders and inability to procure raw material." Decrease in the rate of cancellation was urged. It was certain that this Ohio area was due for serious unemployment.

Cancellation of contracts in many instances involved large labor forces and millions of dollars on a single contract with a single firm. Such situations are typified in the following telegram of December 19, 1918, from the Ohio office of the Federal Employment Service regarding the unemployment imminent in that State.

We have received notice this week Cleveland ordnance division of cancellations affecting 60 firms in Cleveland. We have 6 representatives interviewing firms to ascertain number of employees that will be released. The following firms claim that if work on contracts is stopped at once, that will make releases as follows:

Cleveland Steel Products, 475 men, 60 women; Cleveland Hardware, 1,000 men, 200 women; Teplar Motor, 900 men, 100 women; Brown Hoisting Machine, 1,000 men; American Multigraph, 1,000 men, 1,400 women; McMyler Interstate, 1,400 men; Winton Motor, 1,200 men, 200 women; Cleveland Variety Iron Works, 250 men; Cleveland Tannery, 125 men; Browning Co., 100 men; Hydraulic Pressed Steel, 650 men; McKinney Steel, 150 men; Cleveland Crane Engineering, 100 men; Cuyahoga Stamping, 200 men, 100 women; Cleveland Brass & Copper, 450 men; Damascus Brake Beam, 150 men; Ohio Trailer, 100 men; Lee C. Melville, 50 men.

A number of other firms interviewed will continue with present force on commercial work. Twenty-two firms, not yet interviewed, it is reported, will release approximately 5,000 men. In addition to men released by cancellation of contracts, there are large numbers idle due to close of lake navigation season, and about 2,000 men in building trades idle. Employment officers, despite careful

² National Archives. War Department, Purchase, Storage and Traffic File 164—Connecticut: Memorandum from Chief of Procurement Division, Nov. 21, 1918.

³ Idem, War Department, Purchase, Storage and Traffic File 164—Labor: Memorandum to General Goethals from Benedict Crowell, Dec. 26, 1918.

inquiry, every day are unable to secure orders for any considerable number of these unemployed workers, and report that large numbers are being turned away from the plants. Majority of these thrown out through cancellation of war contracts from present prospects must remain unemployed for at least 2 months because of lack of confidence in price of raw material, and lack of commercial orders, and inability to procure material. Would suggest that you urge slowing down of cancellation program. Any necessary investigation should be made promptly as firms have been notified by Ordnance Department and are now starting to release men.

MICHIGAN AREA

The situation was similar in Michigan. There the district ordnance branch informed the regional director of the Employment Service "that as their orders to cancel were final they could not see any reason for discussing with us the advisability of cancelling or not cancelling orders." Possibly the district ordnance officers gave less consideration to the labor situations arising from shut-down of plants than had been contemplated by their superiors in Washington.

NEW JERSEY AREA

Organized labor and organized industry of the State of New Jersey sent a joint appeal for modification of stoppage orders. They proposed the completion of all contracts where materials had already been obtained unless the materials could be "profitably diverted to other immediate industrial use." They referred to "the order recently issued by the Government that manufacture of war supplies must cease on January 31, 1919." The War Department replied: "While it is necessary to discontinue the manufacture of war supplies no longer needed and absolutely useless, every effort has been made in directing such continuance to taper off in production activity to the end that labor and industry may gradually shift from war to a peace basis and unnecessary unemployment be avoided."

BUFFALO, N. Y., AREA

The effect of contract cancellations and the resulting threat of attendant unemployment are illustrated by the experience of the Curtis Airplane Co. of Buffalo, which was one of the outstanding producers of airplanes during that period. Up to the cessation of hostilities this company, like thousands of others, was concentrating all of its energies upon increasing output. After months of expanding effort, of increasing plant and equipment, and of meeting the problems of manpower shortage, the whole program collapsed almost overnight.

The Army, within 4 days after the Armistice, cancelled contracts for planes valued at approximately 50 million dollars. The indications were that the Navy and the Bureau of Aircraft Production would also cancel or curtail, to the amount of 13 million dollars. The company had, by November 15, dismissed about 7,000 women and it was inevitable that a large number of other employees would be dropped.

These early cancellations were for the finished product. During December 1918 the company received almost 100 telegrams cancelling or limiting production on parts such as bolts, nuts, screws, gaskets, etc. In almost every case the telegram included the phrase, "Incur no further expense." The resulting confusion and concern can be imagined. Many of these cancellations affected the work of subcontractors, many of them outside of the immediate Buffalo district.

During the last week in December the U. S. Employment Service reported 10,000 unemployed in Buffalo, not including those laid off for inventory. By the middle of January this number had increased to 12,000 and the end was not yet in sight.

Conditions in Small Companies

It must not be forgotten that there were little firms, working on subcontracts, that were scattered about the country in places where, even though a comparatively small number of persons were thrown out of work, the whole community suffered. A typical case was that of a firm in Yonkers, N. Y., which had a prime contract with the Signal Corps for 5,000 miles of outpost wire. A Boston firm had been given a subcontract for making the cotton insulation tubes for this wire. This Boston firm then subcontracted again for cotton braiding for this insulation. What happened?

On November 27 the War Department received a telegram from the Liberty Cotton Mills in Dallas, Ga., alarmed because of the cancellation of the Boston contract. Dallas is a small town not far from Atlanta. The Liberty Cotton Mills provided employment for practically all the industrial workers in the town. The telegram said, "Entire mill on this contract, and will throw 100 employees out of work. There is no other work in this town they can do. Advise if you cannot allow us to continue on this contract until we can secure other business."

The War Department asked the U. S. Employment Service to investigate the labor situation at the Georgia plant, and sent the following telegram to the Liberty Cotton Mills:

Your telegram received. In connection with War Department contracts we are doing our best to taper off production with due regard to the interests of industry and labor and in this connection are receiving the advice and assistance of the War Industries Board and the Department of Labor. You will recognize it is impossible for us to intervene in connection with subcontracts and subcontractors.

The gist of the War Department's telegram was really contained in the last sentence. The prime contractor in Yonkers had been notified earlier to discontinue production after "working up goods in process." What happened to the various subcontractors was his responsibility, and the Government was relieved of all obligation for payment on outstanding subcontracts or for the welfare of the workers.⁴

These situations, occurring in widely separated areas, have been told in considerable detail since they are typical of the cross currents, the misunderstandings, the honest efforts, and the various interests which must be considered in any report of the situations which existed in the crowded weeks following the Armistice.

Public and Other Reactions and Appraisals

In a guarded but fairly optimistic analysis of the business and financial situation for December 1918, the Federal Reserve Board said, in part:

In general, the transition from the war to the peace basis has thus far proceeded with very considerable smoothness and with decided lack of friction. Such

⁴ National Archives. War Department, Purchase, Storage and Traffic File 164.

slackening of business as has occurred is described as due to conservatism and hesitation, the outcome of a desire on the part of producers to know more of public policies and the probable trend of business.

Thus far the process of readjusting labor to the new conditions has caused but little inconvenience or difficulty. Labor set free in war industries has been steadily absorbed by general business, so that the principal effect thus far of the increasing free supply has been merely that of relieving a previously existing shortage. There is still an excess of demand at many points. In some places considerable numbers of employees have been dropped, but of these a part were temporary workers who had taken employment partly in order to aid war production, while many others have been promptly reemployed. Costs have altered but little, and the high expense of living has made employers feel that it was incumbent upon them to maintain wages, so far as practicable, pending distinct revision of prices for necessities. In some cases it is reported that there is a tendency to a "settling down" upon "a higher level of prices and a higher average of wages than prevailed from some time preceding the war."

In this connection it may be noted that the combined wholesale-price indexes of the U. S. Bureau of Labor Statistics remained unchanged throughout the last quarter of 1918. However, the retail prices of cost-of-living items, which had moved steadily upward throughout the year, advancing almost 12 percent between January and December, continued their upward movement after the Armistice.

The Christian Science Monitor on December 2, 1918, drew attention to the profits which industrial companies had "piled up" during the war period and stated that these profits "should enable them to go through any ordinary period of depression." It listed a range of earnings per share for the 4 years ending December 31, for six of the largest industrial companies. These ranged from \$71.80 for General Electric to \$214.35 for General Chemical.

Although Congress was doing little to provide legislative authority for aiding prospective unemployment, there was almost daily debate on some phase of demobilization. Senator Chamberlain, a strong supporter of the Administration, and Chairman of the Senate Military Affairs Committee throughout the war, openly criticised the War Department for its seeming lack of policy in the demobilization of the Army and for inadequate publicity. He said that they "had no policy and they have not let the American people know what plans, if any, they have, so that they may know how to govern themselves."

As demobilization of the troops proceeded, the lack of authority to expedite the transfer of the released servicemen out of the demobilization centers became an increasing problem. One expedient after another was tried and the results received considerable publicity. Soldiers were given in money the cost of transportation to their homes, free to buy tickets wherever they pleased. Already they were arriving in the cities, improvident, "broke," away from home without work, applicants for civilian relief. It was not until February 1919—too late to avoid an unfortunate situation—that the law providing for travel allowance was changed to provide "5 cents per mile from place of discharge to his actual bona fide home or residence, or original muster into the service."

So the year 1918 ended on a note of uncertainty, criticism, and concern. The early months of 1919 were to be a difficult period for the American people.

Part 3.—Employment Situation in 1919

Situation in Winter of 1919

As the year 1919 opened, a sense of confusion and uncertainty pervaded the country. The strong leadership that was needed was lacking. The President was in Paris. He had delegated none of his powers. His Cabinet, which had remained unchanged throughout the war, was undergoing reorganization. The War Congress was now in "short session." Its members were weary. Their wartime accomplishments were almost obscured by the weight of post-war problems, to the solution of which they had contributed little or nothing.

The emergency war agencies were disintegrating. The War Industries Board was already out of existence. In its last days it had recommended the final withdrawal of industry from war contracts not later than January 11, and announced as a policy of the Board that there would be no further effort toward price control "unless extraordinary circumstances should arise." The Price Fixing Committee continued its activities where price agreements had not yet expired. Most of the restrictions upon the prices and distribution of food had been discontinued, and the Food Administrator was in Europe organizing the work of the American Relief Administration.

More than 1,000,000 soldiers had been discharged, the majority of whom had never left this country. The return of men from abroad was not yet well under way. The aftermath of curtailment and cancellation of war contracts was already in evidence. More than 6,000 firms scattered throughout the country were reporting labor conditions each week to the Department of Labor. Employment, which had been comparatively stable early in December, was now shifting toward an oversupply of labor. Labor conditions as reported to the U. S. Employment Service from 122 cities showed, for the first week in January, that 22 percent of those cities still needed additional workers, 39 percent reported an oversupply, and the employment situation was fairly well balanced in another 39 percent.

During the war the incomes of many wage-earner families had doubled, tripled, and even quadrupled. Higher wage rates, longer hours, extra pay for overtime, and a greater number of earners per family had contributed to greatly increased purchasing power and led to a false sense of security. Curtailment and suspension of Government work had meant an inevitable reduction in the working forces. Immediately after the Armistice the Government cancelled Sunday work and overtime on its projects. This made a sharp cut in family income, even though the wage rate remained unchanged. For the individual worker this frequently resulted in a reduction of as much as 40 percent in his weekly pay; so even the wage earners who were still employed felt, rightly or wrongly, a sense of injustice.

By this time, in quarters where previously there had been little or no concern regarding the post-war employment situation, there was now alarm. The Journal of Commerce said on January 4—

There is an alarming growth of unemployment throughout the country which has been aggravated by the fact that labor in many sections is disturbed by the belief that it has been imposed upon in the settlement of wage adjustments and other elements in the transition to a peace basis. Labor has the following very well marked grounds of complaint:

(1) The repudiation by employers of agreements made before the Armistice to abide by decisions of the Government in disputes then pending.

(2) Refusal of employers to pay back wages awarded by Government arbitration tribunals.

(3) Suspension of war work without thought of ways to modify the hardships inflicted upon labor by the operation.

(4) Effort to beat down wages without waiting for the reduction of living costs by employees in different parts of the country.

(5) The general discharge of men to an extent not necessary.

At the present time labor has two distinct demands, a living wage and collective bargaining. It has claimed that since the Armistice, employers have shown a tendency to depart from the attitude of favoring collective bargaining.

The St. Louis Post-Dispatch urged governmental intervention: "It [the Government] can well afford millions to avoid having an army of unemployed." Congress, however, focused its attention on retrenchment and economy.

The Federal Reserve Board which, like other spokesmen for the Administration, had earlier maintained a note of optimism now took a different attitude. In its report on business conditions for January it said:

Practically throughout the country the month of January has been characterized by the uncertainty incident to a period of transition in business. In some cases more readjustment than had been expected has proved to be necessary. Favorable developments which some had thought would present themselves immediately after the Armistice with Germany have been delayed. There has therefore been "hesitation" in business but no essential loss of confidence in the future of the general situation.

Vast changes are now occurring in industry and extensive readjustment in labor. * * * Labor is passing through a period of redistribution. Demobilization is proceeding rapidly and is already liberating a considerable quantity of men available for employment, while it is also bringing about a redistribution of men, many deciding not to return to their original places of residence. On the other hand, many employees are being set free in the so-called "war industries." The process of absorbing the labor made available in these two ways, into other lines is still relatively slow.

The general public blamed the obvious business inactivity upon the cancellation of Government contracts, and the delay in making cash settlements with contractors and in releasing materials. The increasing number of discharged servicemen appearing in areas where there was already keen competition for the available jobs added to the problem of absorption of workers. Reemployment, however, was dependent upon the resumption of industrial output. There was a ready demand for consumer goods and unprecedented purchasing power, but uncertainty as to the future price trend seriously retarded renewed and confident activity.

The release of formal price controls left prices at the high level which had been maintained in order to obtain maximum output from all classes of producers. The cost of living, already more than 60 percent above the pre-war level, continued slowly upward.

The possible results of lack of a strong Government readjustment policy had been recognized early:

* * * During the period of reconstruction following the war, if prices should continue to rise, there will be further adjustments of wages on the basis of rising prices. If, on the other hand, prices fall, it is certainly very desirable that wages should not fall more than prices. In either event the changing cost of living will be a prime factor in determining wages, and during the period of reconstruction, social and industrial conditions are likely to be such as to need the guiding hand of a strong public policy. Such a public policy must surely consider the standard of living in any directing or control it may employ on the course of wages. (A Reconstruction Labor Policy, in *The Annals of the American Academy of Political Science*, January 1919, pp. 110-111.)

During the same period one of the members of the Federal Reserve Board stated the situation in somewhat different terms:

Of all the financial difficulties confronting the country at the close of the war, the price situation is, in a business way, the most serious and the one calling for the most immediate attention. * * * The more far-sighted American communities are looking ahead to the falling of prices as something that is inevitable. * * * We need give little attention to artificial methods of "taking up the slack" in the labor market, and otherwise stabilizing industrial conditions, if we take promptly the solution of the price situation.

There was general acceptance of the inevitability of a price decline. However, it was stabilization—the removal of uncertainty—that was needed as a stimulus to production.

If the exercise of governmental authority in maintaining price stability was unquestioned and desirable for gearing industry to war needs, it was fully as necessary during the months of transition to peacetime pursuits. In the absence of such support, industries (with few exceptions) waited, alert but inactive. None wanted to incur high production costs and later be forced to sell on a falling market.

While they waited unemployment increased. Strikes became prevalent from coast to coast. Representatives of industry, who had earlier been loath to acknowledge their difficulties, were now openly concerned. At last the Government itself officially recognized that there "existed an abnormal situation in the industrial world" and that "unemployment was increasing at such a rate as to challenge the best thought that could be given to the situation."

With the approval of the President, and the agreement of Cabinet officers and others in high positions, it was announced early in February by the Secretary of Commerce that conferences were to be held with different industry groups in an attempt to reach informal price agreements at levels commensurate with production costs. Thus there was organized the Price Conference Board of the Department of Commerce. "The object of the Board is to aid in setting the wheels of industry in motion by securing price adjustments that will create confidence in the stability of prices so determined, and so stimulate buying."¹ To accomplish this it was proposed that the Government itself, through such agencies as the Railroad Administration and the Emergency Fleet Corporation, should go into the market to purchase at the price agreed upon and thus establish the confidence so much needed on the part of private purchasers.

Iron and steel prices were first considered, but without result. Where there should have been unity there was disunity. Irreconcil-

¹ National Archives. Confidential Report of Central Bureau of Planning and Statistics, March 1, 1919.

able differences as to what constituted a fair price level prolonged the discussions for almost 2 months. The members of the Board resigned early in May, having accomplished nothing. During these weeks of disagreement, industry was making some progress and a more optimistic note pervaded the trade journals. The demands of the striking workers were being granted in varying degrees, and in most areas some idle labor was being absorbed.

The present study shows the effect of all these forces upon the civilian workers and upon demobilized soldiers.

Effect of Unplanned Demobilization Upon Civilian Workers

The war of 1914-18 brought great changes in the manufacturing and distributing industries of the United States. Even before this country entered the conflict many American industries had accepted contracts from the European nations at war, and when the United States became a participant the whole American economy felt the impact of wartime demands. The changing pattern of industrial activity varied from industry to industry and from place to place, and great shifts in the distribution of manpower accompanied these changes.

The estimated changes in employment from 1914 through 1921, and the approximate percentage of the working population employed, are shown in table 1. It covers the years when industry was filling European contracts, extends through the period of American participation in the war, and into the post-war period. It goes beyond the months which are reviewed in this report, for the ultimate effects of unplanned demobilization were not felt until 1921, when the results of the delayed release of dammed-up purchasing power and unregulated return to civilian production was brought home to the American people.

TABLE 1.—*Population and Employment in the United States, 1914-21*¹

Year	Population, ages 15-64, as of July 1		Employment, including the armed forces		Percent employed, ages 15-64, excluding armed forces
	Number. ² (in thousands)	Percent of total population	Number (in thousands)	Percent of population, ages 15-64	
1914.....	63, 213	64. 6	37, 731	59. 7	59. 4
1915.....	64, 103	64. 5	37, 890	59. 1	58. 9
1916.....	64, 974	64. 5	40, 293	62. 0	61. 8
1917.....	65, 751	64. 4	44, 066	67. 0	64. 9
1918.....	66, 125	63. 8	47, 957	72. 5	66. 8
1919.....	66, 648	63. 5	42, 444	63. 7	63. 1
1920.....	67, 743	63. 5	41, 656	61. 5	61. 0
1921.....	69, 039	63. 7	38, 006	55. 1	54. 6

¹ Compiled by Bureau's Occupational Outlook Division from Economic Record (National Industrial Conference Board), May 20, 1940.

² Intercensal years estimated on a straight monthly interpolation.

INDUSTRY'S PROBLEMS OF RECONVERSION

There was marked diversity among industries in the character of the war work which they did for the Government and in the changes which Government requirements made in their factories and plants. This explains in part some of the local and regional differences in labor conditions and in unemployment after the war. A brief review of the

major differences in industrial wartime activities should prove helpful in assaying post-war situations.

Some industries made little or no change in plant equipment in order to do Government work, although they frequently expanded their facilities and employed thousands of additional workers, in continuous operation. Textile mills, shoe factories, food-processing plants, and some of the firearms factories fell within this class. For them the post-war problem was one of contraction rather than reconversion.

Other large industries, with huge Government contracts, had only partially converted their plants to war work at the time of the Armistice. Some of these benefited materially from their wartime experience and, with peacetime products greatly in demand, were among the first to recover. The automobile and agricultural-implement industries were in this category.

Many industries were before the war manufacturing so-called non-essential products. A large number of these were entirely converted to war production. For them reconversion required an appreciable amount of time. It was necessary to remove Government-owned equipment and to set the plants in order for production of civilian goods. Some were hampered by lack of capital because of the Government's delay in settling claims. Many had to recapture their markets and reorganize their dismantled sales departments. Although no single one of these plants may have employed as many workers as did those industries in mass production, the combined number of workers released by these smaller plants after the Armistice was considerable.

Other industries, still in the experimental stage of developing their products, had forged ahead on the wave of tremendous Government demands. The aircraft industry was one of these, and although its post-war retrenchments were not easy, it gained technically from its wartime experience. The coal-tar industries also belonged in this class. They profited immeasurably from the development of their wartime products and from access to German patents which greatly expedited their post-war growth.

For some essential wartime products it was necessary to establish entirely new communities. Explosives and ammunition were in this group. The products themselves had little or no peacetime use, and even though some of the plant facilities might have been converted to civilian use their location was seldom suited to economical production. Most of these communities were bound to disappear.

The construction industry had been busy in erecting new industrial plants, in providing living quarters for war workers, and in constructing the army cantonments. Wherever new communities were established, trade and service industries had sprung up.

Another industry which had expanded enormously during the war, though not a so-called war industry, was shipbuilding. It employed tens of thousands of workers on both the Atlantic and Pacific Coasts, and during the first 6 months of 1919 when other Government projects were contracting, it absorbed large numbers of civilian workers and ex-servicemen. No reconversion was possible for this industry. When the Government abandoned its shipbuilding program, the yards closed down.

For every factory or plant manufacturing finished products, there were a great many subsidiary plants providing semimanufactured

material or parts. Some of these were in the vicinities of the plants of the prime contractors, some were hundreds of miles away. Raw-material requirements extended to the ore and fuel mines; to smelters, furnaces, and rolling mills; to farms, forests, logging camps, and saw-mills.

The Government had been the Nation's biggest employer and when it retired from the market only the most carefully developed work program, supported by this same Government, could prevent great pools of unemployment, for no post-war plan could check the release of thousands of workers from factories whose products were no longer needed. Even though the War Department tried to temper the effect of contract cancellation, it was inevitable that production would cease promptly if not abruptly in some areas.

Only plants producing goods suitable for civilian use could be expected to continue production, and not even for these industries had a change-over program been developed. Even those which could most readily reestablish themselves must obtain raw materials, build up their civilian markets, and reduce their labor force materially. Some industries needed capital. All of them needed a well-grounded confidence in the future. Many of the large and powerful low-cost manufacturers of producer goods could have contributed greatly at this trying period, if, soon after the Armistice, they had come to terms with their customers, the manufacturers of consumer goods. This they did not do.

So the events of the months immediately following the Armistice provide a record of problems confronting human beings. The results of the strain of continued uncertainty, both upon the workers and upon the heads of many industries, cannot be encompassed in so limited a study as this. However, some of the highlights of the employment situation may contribute somewhat to the current attempts to provide more adequately for the present immediate post-war period after this war.

UNEMPLOYMENT SITUATION IN THE SPRING OF 1919

Cities in the areas which had War Department contracts reported increasing unemployment week by week throughout the first quarter of 1919. The War Department stated in its statistical report of January 4 that most of the unemployment to date was due to cancellation of war contracts. The U. S. Employment Service reported on January 18² that "the apparent absence of any considerable supply of unskilled labor and predominance of skilled labor in the cities reporting surplus makes it probable that the resumption of normal industry might be awaited to arrest growing unemployment and that public buildings and works as a means of furnishing employment may be limited by absence of 'common labor' seeking employment."

The following table shows, as of March 1, 1919, the number of workers thrown out of employment by cancellation of War Department contracts, affecting 3,180 contractors. There were States in which no contracts had been cancelled and there were firms which had released no labor upon cancellation. Although the table does not include all firms whose contracts had been cancelled, it does provide

² The Service received reports from more than 100 cities representing all areas of the country until it was compelled to curtail its activities because of lack of Congressional support.

a basis for comparing the relative effects of cancellation in the various regional areas. The States are shown in descending order of number of workers released.

TABLE 2.—*Workers Unemployed on March 1, 1919, Because of Cancellations of War Department Contracts*¹

State	Total number of firms reporting	Firms reporting—		Workers released			
		No labor released	Labor released	Total		Men	Women
				Number	Percent		
Total.....	3,180	1,901	1,279	359,897	100.0	343,740	16,157
Connecticut.....	199	121	78	55,926	15.5	49,436	6,490
Michigan.....	261	101	160	50,270	13.9	49,225	1,045
New Jersey.....	287	134	153	50,050	13.9	49,940	110
Ohio.....	427	268	159	42,727	11.9	38,281	4,446
Pennsylvania.....	639	427	212	42,691	11.9	42,328	363
Massachusetts.....	156	57	99	33,700	9.4	33,556	144
Illinois.....	233	88	145	24,505	6.8	22,151	2,354
Maryland.....	55	42	13	15,236	4.2	15,236	-----
New York.....	116	100	16	8,515	2.4	8,515	-----
Missouri.....	87	42	45	8,465	2.3	7,955	510
Indiana.....	162	58	44	7,891	2.2	7,891	-----
Minnesota.....	51	36	15	4,566	1.2	4,506	-----
Arkansas.....	5	2	3	3,265	1.0	3,295	-----
Delaware.....	16	7	9	3,100	.9	3,100	-----
Wisconsin.....	99	65	34	2,614	.7	1,949	665
Tennessee.....	29	23	6	1,650	.5	1,650	-----
Virginia.....	29	20	9	1,499	.4	1,499	-----
All others.....	389	310	79	3,257	.9	3,227	30

¹ From Labor and Industrial Situation, Mar. 1, 1919, reported by Central Bureau of Planning and Statistics.

The peak of unemployment for the country as a whole was reached in the latter part of March. There were some States, chiefly in the southeast, and all of them in the southern areas, where workers were in demand throughout this period of general surplus. The shipyards on the Atlantic Coast from Philadelphia south were on the lookout for additional labor. The agricultural regions were desperately in need of help, but, unfortunately, workers from the crowded industrial areas as well as returned soldiers were averse to accepting jobs on farms.

The map which is presented here shows the areas of labor surplus and shortage as of March 1, 1919.

Added interest and significance is given to the surplus-labor areas by tables 3 and 4. Table 3 shows for 75 cities the surplus labor reported as of March 15, 1919.

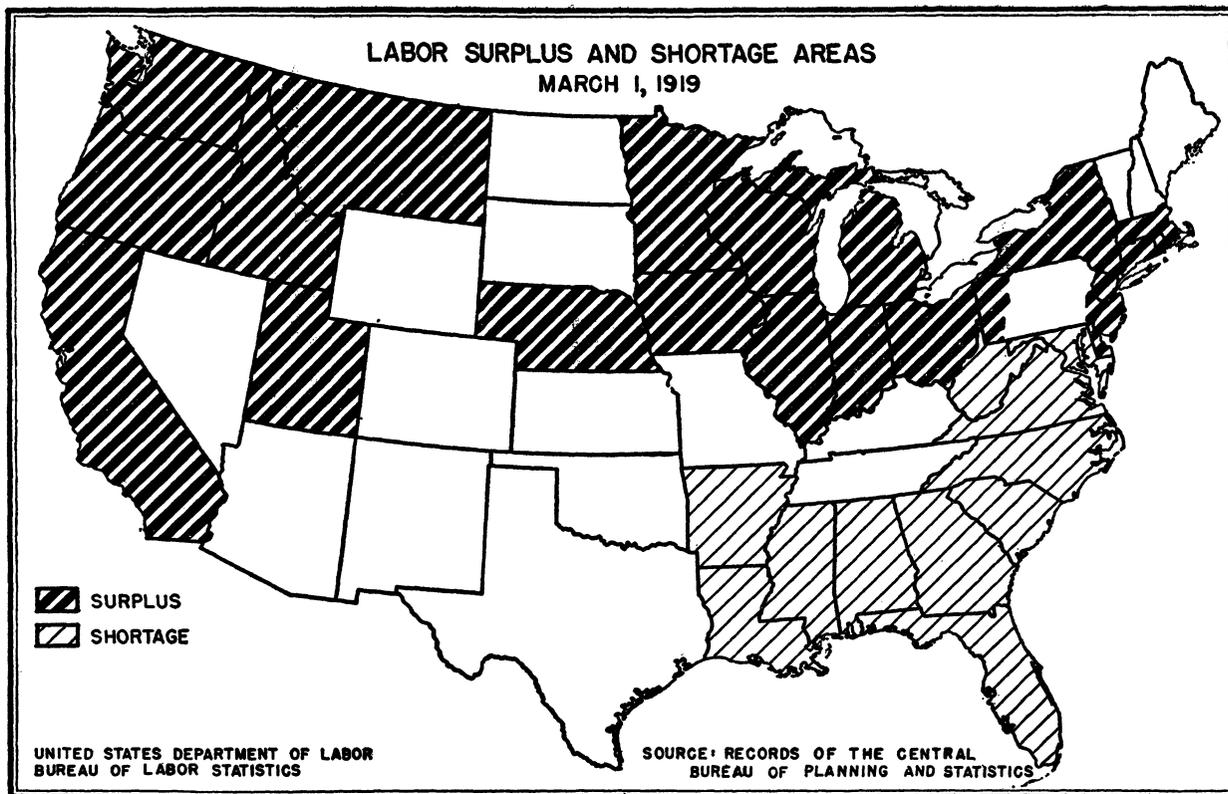


TABLE 3.—*Surplus Labor Reported from 75 Cities, March 15, 1919*

Region and city	Number of surplus workers	Region and city	Number of surplus workers
All cities reporting.....	371,340	South Atlantic—Continued.	
New England.....	38,895	Georgia: Savannah.....	1,600
Connecticut: New Haven.....	8,000	Virginia: Richmond.....	1,500
Bridgeport.....	7,000	West Virginia: Wheeling.....	2,000
Hartford.....	3,000	East North Central.....	145,895
Meriden.....	2,600	Illinois: Rockford.....	870
Norwich.....	1,400	Joliet.....	650
Derby.....	900	Indiana: Indianapolis.....	4,500
Stafford Springs.....	420	Evansville.....	1,500
Stamford.....	400	Gary.....	600
Middletown.....	350	Fort Wayne.....	500
New London.....	250	Hammond.....	500
Putnam.....	75	South Bend.....	400
Maine: Portland.....	1,000	Terre Haute.....	400
Massachusetts: Worcester.....	6,500	Michigan: Detroit.....	23,000
Boston.....	5,700	Grand Rapids.....	800
Lynn.....	1,300	Port Huron.....	400
Middle Atlantic.....	104,250	Ohio: Cleveland.....	60,000
New Jersey: Newark.....	6,200	Dayton.....	10,000
Paterson.....	5,000	Youngstown.....	9,000
Jersey City.....	4,000	Toledo.....	7,000
Camden.....	3,000	Akron.....	3,000
Elizabeth.....	3,000	Cincinnati.....	3,000
Trenton.....	3,000	Columbus.....	3,000
Passaic.....	700	Wisconsin: Milwaukee.....	14,400
New Brunswick.....	150	Racine.....	1,500
New York: Buffalo.....	20,000	Superior.....	875
Albany.....	6,500	West North Central.....	11,200
Rochester.....	5,000	Kansas: Kansas City.....	2,200
Syracuse.....	5,000	Minnesota: Minneapolis.....	7,500
Utica.....	3,000	Duluth.....	1,000
Kingston.....	1,500	Nebraska: Omaha.....	500
Binghamton.....	500	Mountain.....	15,400
Pennsylvania: Pittsburgh.....	17,500	Colorado: Denver.....	400
Philadelphia.....	7,000	Montana: Butte.....	10,000
Erie.....	5,100	Utah: Salt Lake City.....	5,000
Harrisburg.....	3,900	Pacific.....	47,800
Allentown.....	2,500	California: San Francisco.....	12,300
Scranton.....	1,700	Los Angeles.....	9,000
South Atlantic.....	7,900	Oakland.....	7,500
Delaware: Wilmington.....	2,000	Oregon: Portland.....	9,000
Florida: Pensacola.....	800	Washington: Seattle.....	10,000

The changes in employment in 55 industrial cities between December 1918 and March 15, 1919, as reported to and by the Employment Service, are shown in table 4.

TABLE 4.—*Changes in Employment in 55 Industrial Cities, December 1918 to March 1919*

Region and city	Number of firms reporting	Number of employees reported		Percent of change	Region and city	Number of firms reporting	Number of employees reported		Percent of change
		Week ending—					Week ending—		
		Nov. 30, 1918 ¹	Mar. 15, 1919 ¹				Nov. 30, 1918 ¹	Mar. 15, 1919 ¹	
All 55 cities.....	3,397	1,969,526	1,816,226	-9.2	New England—Con.				
New England (12 cities).....					Brockton, Mass.....				
Portland, Maine.....	595	417,301	360,241	-13.4	Fall River, Mass.....	20	15,560	16,532	+6.2
Manchester, N.H.....	85	12,105	10,271	-15.2	Lawrence, Mass.....	15	11,116	10,234	-7.9
Bridgeport, Conn.....	14	24,566	21,952	-10.6	Worcester, Mass.....	26	34,980	23,034	-34.2
Hartford, Conn.....	94	55,243	41,716	-24.5		56	31,571	25,416	-19.5
New Britain, Conn.....	38	34,472	30,032	-12.9	Middle Atlantic (9 cities).....	641	583,455	516,970	-11.4
New Haven, Conn.....	36	25,427	25,536	+4	Albany, N. Y.....	95	64,511	56,626	-12.2
New London, Conn.....	36	40,042	26,050	-34.0	New York, N. Y.....	200	93,847	86,309	-8.0
Boston, Mass.....	26	9,102	10,270	+12.8	Elizabeth, N. J.....	25	20,132	20,761	+3.1
	149	123,117	119,198	-3.2	Newark, N. J.....	113	260,933	77,484	-4.3
					Passaic, N. J.....	35	26,073	20,030	-23.2
					Paterson, N. J.....	50	30,590	21,983	-28.1

See footnotes at end of table.

TABLE 4.—Changes in Employment in 55 Industrial Cities, December 1918 to March 1919—Continued

Region and city	Number of firms reporting	Number of employees reported		Percent of change	Region and city	Number of firms reporting	Number of employees reported		Percent of change
		Week ending—					Week ending—		
		Nov. 30, 1918 ¹	Mar. 15, 1919 ¹				Nov. 30, 1918 ¹	Mar. 15, 1919 ¹	
Middle Atlantic—Continued					Midwest and North Central—Con.				
Allentown-South Bethlehem, Pa.	11	36,412	21,274	-41.6	Kansas City, Mo.	97	10,281	10,838	+5.4
Harrisburg, Pa.	12	22,002	17,498	-20.5	St. Louis, Mo.	101	³ 44,086	40,245	-8.7
Philadelphia, Pa.	100	208,955	195,005	-6.7	Detroit, Mich.	100	⁴ 120,267	⁵ 138,039	+14.8
South Atlantic and South Central (9 cities)					Flint, Mich.	25	³ 17,727	24,136	+36.2
Richmond, Va.	543	127,374	121,155	-4.9	Port Huron, Mich.	31	³ 5,423	3,449	-36.4
Louisville, Ky.	85	24,889	21,918	-11.9	Akron, Ohio.	74	³ 46,483	65,018	+18.4
Wilmington, N. C.	33	6,674	7,447	+11.6	Cincinnati, Ohio.	97	³ 37,096	34,137	-8.0
Winston-Salem, N. C.	31	18,612	17,259	-7.3	Cleveland, Ohio.	165	99,681	⁶ 87,396	-12.3
Memphis, Tenn.	110	11,632	10,437	-10.3	Columbus, Ohio.	98	³ 25,111	25,020	-0.4
Savannah, Ga.	12	6,419	4,813	-25.0	Dayton, Ohio.	96	² 32,923	30,300	-8.0
Pensacola, Fla.	28	6,404	6,723	+5.0	Youngstown, Ohio.	57	² 49,311	44,037	-10.7
Dallas, Tex.	50	6,482	6,179	-4.7	Omaha, Nebr.	34	13,396	14,973	+11.8
Houston, Tex.	94	21,971	22,839	+3.9	Minneapolis, Minn.	50	23,884	19,451	-18.6
Midwest and North Central (20 cities)	1,837	719,556	705,914	-1.9	St. Paul, Minn.	37	13,219	12,233	-7.4
Rock Island Ill.	56	30,042	24,789	-17.5	Milwaukee, Wis.	162	81,948	75,771	-7.5
Hammond, Ind.	20	24,876	20,777	-16.5	Far West (5 cities)	231	121,840	111,946	-8.1
Indianapolis, Ind.	48	18,120	20,226	+11.6	Los Angeles, Calif.	99	37,432	37,855	+1.1
South Bend, Ind.	16	15,889	15,986	+0.6	San Francisco, Calif.	26	24,513	20,812	-15.1
Terre Haute, Ind.	23	9,808	9,103	-7.7	Portland, Ore.	43	34,002	33,348	-1.9
					Butte, Mont.	7	⁷ 17,366	14,289	-17.7
					Salt Lake City, Utah.	56	8,527	5,642	-33.9

¹ Unless otherwise indicated.
² December 21.

³ December 7.
⁴ February 8.

⁵ March 1.
⁶ February 22.

⁷ January 11.

REGIONAL VARIATIONS IN THE POST-WAR PATTERNS OF EMPLOYMENT

The high concentration of wartime production in big industrial areas was the forerunner of concentrated unemployment in these same areas when industry was faced with the task of changing over from the abnormal conditions of wartime to the usual activities of production of civilian goods.

The major factors which contributed to the size of this problem and to the lapse of time required to make the necessary adjustments have already been discussed. There were in most of these areas more workers than could be absorbed in peacetime production. Many of the manufacturers of war materials were in a position to wait until the decisions had been made which would make their future operations profitable. For other industries the situation was much more difficult; without sufficient capital and with only meager supplies of raw materials, many of them were obliged to greatly curtail their programs. The workers, having experienced improved living standards, were loath to return to pre-war wages and hours, and used their only method of organized protest—the strike.

The tables in the following pages show, for each regional area, (a) the relative size of the employment problem between December 1918 and June 1919, as reported by the U. S. Employment Service, in terms of labor shortages and labor surpluses, and (b) the trades and occupations which were most affected by the unsettled post-war industrial situation. In general, absence of figures in the columns indicates that there was no substantial change in the labor-market situation.

New England Area

Munitions factories and their subsidiaries in Connecticut and to some extent in Massachusetts were among those which first felt the heavy impact of War Department contract cancellations. The textile mills and shoe factories, too, reduced their forces and joined in the general "waiting" period for the resumption of business. Not all factories working on Government orders released the workers at once, but many of them did not take advantage of the option to continue their work on contracts at a reduced rate, over a period of from 60 to 90 days.

Connecticut was then, as now, one of the principal centers for manufacture of arms and munitions. The reductions in employment occurred almost altogether in the iron and steel industries. The most striking unemployment was reported from Bridgeport and New Haven, among machine-tool hands—employees from the rifle plants. These cities had employed thousands of workers from outside the immediate vicinity and until the majority of these transients disappeared the problem of absorption of surplus workers remained difficult. Some mills closed, others curtailed, all were seriously affected. Only here and there were there early signs of recovery in this area, and it was not until May and June that general recovery became evident.

The radical curtailment of textile output released tens of thousands of mill workers, many of whom could not be absorbed at the level of peacetime production. Mills ran on part time while they reorganized and built up their markets. By March 1 there was great unemployment in almost every textile city; almost 10,000 were idle in Fall River alone. In Lowell five of the seven big cotton mills were on part time, and similar conditions prevailed in Maine and Connecticut. The situation seems to have been handled a little better in New Hampshire. The U. S. Employment Service reported applications for work from more than 20,000 New England textile workers during February and more than 14,000 during March.

There was great unrest among the workers and unprecedented strikes followed, the most conspicuous being the Lawrence strike which lasted from February to May and involved about 20,000 workers. Many of the textile strikes were settled by late March. By April 15 there were definite signs of improvement and by May there was a shortage of workers in the textile industry. The crisis had lasted for 6 months after the Armistice, although the textile industry was one which should have presented a relatively small post-war problem.

The shoe industry, waiting for orders from conservative buyers, also went on part time, and strikes resulted. In Brockton, Mass., alone, 13,000 wage earners were affected.

As Government projects were completed, the situation in the building trades went from bad to worse. The construction industry in New England is always inactive during the winter season. However, during the spring and well into May and June there was little sign of activity in either residential or industrial construction. Again the workers voiced their dissatisfaction by striking.

There was general unrest among other workers. Strikes occurred among the waterfront workers, taxicab drivers, fur workers, telephone operators, fishermen, and electrical workers.

Only the cities manufacturing luxury goods, chiefly silverware and jewelry, reported shortages of labor.

TABLE 5.—*Employment Situation in New England Area, December 1918–June 1919*

[Figures given in table represent surpluses of labor, unless otherwise noted]

Date	Massachusetts			Connecticut			Maine	New Hampshire	
	Boston	Worcester	Lynn	Bridgeport	New Haven	Meriden	Portland	Manchester	Nashua
1918									
Dec. 28	3,700	2,500	1,000	5,000					
1919									
Jan. 11			1,100	6,000	4,500				
25		6,000	1,200	7,000	6,000		1,000		
Feb. 8	4,500	6,500	1,200	7,500	6,000	Shortage; number not reported. Reduction of force, nonferrous metals.	1,000		
Mar. 22	4,700	6,500	1,200	7,000	7,000	1,800	1,000		
1	5,600		1,300		8,000	2,100	1,000	Leather factories waiting.	Textile mills busy. 48-hour week adopted.
15	5,400		1,200	7,500		3,500	1,100	Textile mills on full time.	
Apr. 12				7,400	8,000	5,000	1,000		
19				7,200	6,000	4,000	800		
26				7,000	4,000	3,000	700		
May 3				6,900	4,000	1,000	800		
17	5,000			6,500	4,000				
31	8,500			3,600	2,000			1,000	
June 7	12,000			2,800	2,000		800	1,000	
14	15,000			1,800			250	800	
21				1,200					

TABLE 6.—*Trend of Employment in New England Area, as Indicated by Placement Statistics, February–June 1919*

Occupation	February		March		April		May		June	
	Applicants un-aided	Positions un-filled	Applicants un-aided	Positions un-filled	Applicants un-aided	Positions un-filled	Applicants un-aided	Positions un-filled	Applicants un-aided	Positions un-filled
All reported occupations ¹	50,496	708	43,618	256	26,184	164	30,965	286	34,507	1,485
Agricultural workers.....	77	2	134	3	154	5	48	59	153	56
Clerical and professional.....	1,627		1,817		595	1	369		348	
Construction workers.....	2,030	18	3,085	3	1,475	15	1,978	10	474	407
Hotel and restaurant employees.....	165	21	213	16	85		118	9	147	60
Laborers.....	4,831	14	6,942		2,467	12	1,567	12	496	429
Metal-trades workers.....	9,707	14	4,722		1,820	4	3,162	128	2,801	113
Miscellaneous.....	1,939	104	1,340	109	73	112	¹ 715	15	² 1,772	170
Machine-tool hands.....	6,519		9,401		1,531		1,085		510	
Ship workers.....	112	36	95		137	9	87		58	
Shoe workers.....	2,482		381		725		18,861		2,529	
Textile workers.....	20,438	150	14,539	105	16,034	3	2,507	4	25,002	165
Woodsmen.....	40	325	8	15						23

¹ Totals include some occupations not shown.

² Includes chauffeurs, truck drivers, and salesmen.

Middle Atlantic Area

The post-war industrial situation in the States and cities of this area reflected conditions throughout the country. Almost every type of industry operated in these States, and great readjustments were necessary when work for the Government ceased.

The arms factories, munitions, and aircraft plants were the first to feel the effect of contract cancellation. Pools of unemployment appeared in these cities even before the turn of the year, and the iron and steel industry in the big producing centers began to release workers. The Pittsburgh situation, which could be duplicated in other iron and steel centers, was reported as follows:

In a little over a month the labor situation has reversed itself and at present there seems to be a larger supply of labor than can find steady work. There are reports of men applying for work at lower wages * * * and being turned away. If this continues it may reach the point shortly where labor will agree to work for much less than present rates, rather than remain idle. * * * Opinion is that the present quiet conditions are likely to last over the next 3 or 4 months, but with the return of favorable weather, allowing outside operations again, a material increase in the demand for steel is expected.

Mills point to the present high costs as the reason for not being able to grant lower prices. Unless demand soon improves there is bound to be a further slowing down * * * and if there is any material decline in prices, some companies state that they will simply close down until labor and other things come down to the point that will allow them to compete. The outlook is for a quiet condition in the steel trade at least until April. (U. S. Employment Service Report for week ended January 18, 1919.)

It was reported in the trade that steel executives expected little difficulty in putting wage reductions into effect when it became necessary.

The textile strikes in Paterson and Passaic and other New Jersey cities included all branches of the textile industry. Referring to the Paterson strike, the Journal of Commerce said on January 24, "Because of the general lack of business some mills are not averse to the strike, as it would greatly lower overhead." Employers and employees alike recognized the seriousness of the situation, but the strikes continued week after week. The differences were finally submitted to the War Labor Board, but it was not until April that the Board's efforts brought partial peace.

In Philadelphia the early phases of industrial demobilization differed from other cities in the area, owing to the growing importance of the big Hog Island shipyards south of the city, where workers were in great demand. By February, however, unemployment in other industries outweighed the shortages in the shipyards, as the big munitions plants, the textile mills, and the factories manufacturing leather products all reduced their forces. The situation changed so rapidly that it was impossible to estimate the amount of unemployment.

TABLE 7.—*Employment Situation in Middle Atlantic Area, December 1918–June 1919*
 [Figures given in table represent surpluses of labor, unless otherwise noted. Shortage shown by minus (—)]

Date	Pennsylvania				New Jersey		
	Phila- delphia	Pitts- burgh	Erie ¹	Scrant- on	Newark	Passaic	Paterson
1918							
Dec. 7	—25,000	—5,000	(²)	—5,000	(²)	(²)	
14	—15,000	—4,000	(²)	—5,000			
28	—7,500	(²)	(²)	—4,200			
1919							
Jan. 4	—6,000		(⁴)	(⁵)			
18		8,000	(⁴)	—3,700	Surpluses.	Surpluses.	Unsettled. Strikes. 480 mills affected. 85 percent of workers returned.
Feb. 1		11,000	2,800	—3,500			
8			3,000	—2,500		18,000 on strike.	
15		19,000	4,100	1,500			
22	1,000		4,300		6,350	5,000	
Mar. 1	3,500		4,400		6,600		
8	7,000	10,000	5,100	1,600	6,200	5,000	
15		17,000	5,100	1,700	7,000		
22			5,500	1,600	Strikes	Woolen strike adjusted. { Conciliators unable to ad- just handkerchief strike after 7 weeks.	
Apr. 29							
5							
12							
19		15,000					
26							
May 10		20,000					
24							
June 7		15,000					
New York							
Date	Buffalo		Roches- ter	Al- bany dis- trict	Syrac- use	Utica	New York City
1918							
Dec. 7	3,000						
14	8,000		1,500		2,000		
21							
28	10,000		1,800		3,000		
1919							
Jan. 4	12,000		2,000		4,000	9,500	
11	13,000		2,500	3,000			
18	15,000		3,000	5,000	4,500	2,000	35,000 garment workers strike.
25	17,000		4,000				
Feb. 1			4,000	5,500	5,000	2,500	Unemployment increasing.
8	19,000		4,000	5,800	5,000		
15	20,000					2,550	
22	20,000		5,000	6,000			Steadily worse.
Mar. 1				6,500	5,000	3,050	
8	20,000—All occupations affected.		4,800				13 strikes in clothing trade. 1,500 Brooklyn shoe workers out.
15						3,500	
22	Retail merchants urging public		4,500			3,325	Strikes.
29	works.				5,000		
Apr. 5	Police fear violence.						Strikes.
12						2,400	
19	8,500		3,500			3,200	
26	8,200		3,000			2,500	
May 3			3,000	5,000		2,000	125,000–200,000.
10				5,000			
17			3,000	5,500		1,500	
24	6,000					1,500	
31	5,000		2,800	4,500			100,000.
June 7	3,000		2,000	5,000		500	100,000.
14	1,000		1,500	5,000			100,000.
21			1,500	5,000		200	100,000.

¹ Machinists in General Electric went out on strike in December. Case referred to War Labor Board in January. In March more than 1,300 employees of the D. L. & W. Railroad struck, following the discharge of a machinist by an efficiency foreman; late in April the strikers obtained their demands and resumed work.

² Balanced labor supply.

³ Shortages of miners.

⁴ Small surpluses.

⁵ Shortages: Common labor, 3,000; miners, 4,000; textile workers, 1,000.

⁶ Let out of arms factories.

TABLE 8.—Trend of Employment in Middle Atlantic Area, as Indicated by Placement Statistics, February, March, and June 1919

Occupation	February		March		June	
	Applicants unaided	Positions unfilled	Applicants unaided	Positions unfilled	Applicants unaided	Positions unfilled
All reported occupations ¹	9, 872	13, 235	17, 892	6, 398	2, 609	2, 520
Agricultural workers.....	81	-----	213	-----	55	20
Clerical and professional.....	3, 530	-----	2, 927	-----	1, 115	-----
Construction workers.....	1, 844	402	2, 202	75	96	15
Hotel and restaurant employees.....	34	693	-----	726	-----	550
Laborers.....	1, 781	200	8, 411	-----	450	135
Metal-trades workers.....	1, 259	637	1, 888	-----	200	85
Miscellaneous.....	96	135	423	993	2, 823	2, 631
Machine-tool hands.....	750	70	825	-----	64	-----
Shipworkers.....	9	111	96	370	-----	39
Coal miners.....	-----	10, 600	-----	3, 197	-----	-----
Engineers and firemen.....	187	4	339	-----	18	-----
Woodworkers.....	95	324	30	286	-----	-----

¹ Totals include some occupations not shown.

² Includes chauffeurs, teamsters, and salesmen.

New York City.—New York City, which had not been so deeply immersed in wartime activities as other cities in this area, became the center of great unrest and industrial strife after the war. Trouble began in January, when the strike of the harbor workers halted transportation and threatened the city's food supply. Although the strikers returned to work at the request of the President and agreed to submit to arbitration through the War Labor Board, the controversy continued throughout the winter and spring. Late in January the garment workers had also gone out on strike, and at one time as many as 55,000 workers were idle. Their demand for a 44-hour week was finally granted, but only after weeks of conference and controversy. Other strikes occurred during this period which included those of the street-railway workers, candy makers, shoe workers, building-trades men, brewers, barbers, and paper-mill workers. The magnitude of the unemployment problem, the bitterness and open conflicts which accompanied the strikes prevailing throughout the winter and spring of 1919, resulted in Nation-wide publicity. It was estimated that discharged servicemen constituted 25 percent of the unemployed, which in March approximated 100,000.

Federal and State officials and public-spirited citizens worked to bring industrial peace to the city. Although late in March the Employment Service reported that there was "evidence of more willingness to confer and conciliate," the unrest continued throughout the spring. By the end of June, the general industrial situation had improved and the Employment Service reported that industrial relations were "good," but there still were 100,000 "surplus" workers.

South Atlantic and South Central Areas

In the Southeastern States the situation was complex. There were shortages of some kinds of labor and surpluses of others and there was considerable variation in employment from time to time and from place to place.

There was a serious shortage of agricultural workers throughout the winter and spring of 1919. The South had lost more than 300,000 colored workers to the high-wage industries of the North. Returning soldiers and civilian workers found both agricultural working conditions and compensation unsatisfactory. The shortages continued.

The shut-downs of munitions plants and textile mills brought about situations similar to those in the North. Strikes occurred in one textile mill after another, but the workers made few gains. The Employment Service stated in its report of March 1, 1919, that "most mills in South Carolina voluntarily adopted a 56- instead of a 60-hour week."

The sawmills were idle. The building trades reported unemployment in all crafts, especially in the vicinity of Atlanta and New Orleans. By April, there was a demand for southern hardwood from the automobile and furniture factories, but the textile situation remained a problem.

TABLE 9.—Employment Situation in South Atlantic Area, December 1918–June 1919

[Figures given represent surpluses of labor, unless otherwise noted. Shortages shown by minus (–)]

Date	Maryland	Florida	Georgia	Virginia	West Virginia
	Baltimore	Pensacola	Atlanta	Norfolk	Wheeling
Dec. 7, 1918	–6,500		–3,000		–1,100.
Dec. 14			–1,750	–2,500	} Shortage of miners.
Dec. 28	–4,800				
Jan. 4, 1919		} Conditions serious; shortage of common labor.			
Jan. 18	–2,000			Shortage of common labor. Workers refuse jobs.	–1,800
Feb. 1				–1,350	} Balanced labor supply. 100.
Feb. 8		} Shortage of sawmill and turpentine workers.		–2,500	
Feb. 15	–500					–1,500
Feb. 22		} Surplus in building trades			1,100.
Mar. 1		} Steel shipyard forces reduced			2,000.
Mar. 8	1,000				1,600.
Mar. 15	Lay-offs				
Mar. 22	Strikes		Surplus in building trades		
Mar. 29				Strikes	
Apr. 5			Manufacturing more active		
Apr. 12					Strikes.
Apr. 19					10,000.
Apr. 26			Craftsmen—surplus in all trades.		8,000.
May 10					9,000.
May 24					4,000.

Date	Alabama	Kentucky	Tennessee				
	Birmingham	Louisville	Memphis	Nashville	Chattanooga		
1918							
Dec. 7	Shortage	-185	-500	Surplus	-400		
Dec. 14	do.	-1,000	Balanced labor supply	2,000	-300		
Dec. 28	do.	-500	do.	2,500	Munitions plants to release employees as work completed.		
1919							
Jan. 4	} Production off in iron and steel. Area seriously affected by slow-down of iron and steel industry throughout country.	} Expect lay-offs	-5,000 (colored) workers	2,000	} Shut-down Jan. 31. Influx from Muscle Shoals adds to surplus. Soldiers coming from nearby camps.		
Jan. 18						1,500	
Feb. 1						1,000	
Feb. 8						2,000 (white workers). Farm-labor shortage.	Surplus of skilled labor
Feb. 15							
Feb. 22							
Mar. 1							
Mar. 8						Common-labor shortage; skilled-labor surplus.	Strikes of harness workers, boilermakers, and railway clerks.
Mar. 15							
Mar. 22							
Mar. 29		350	do.				
Apr. 5		1,500	do.				
Apr. 12		1,500	do.				
Apr. 19		1,500	do.	500			
Apr. 26	Balanced labor supply	1,250	do.	500			
May 10	Surplus	1,000		500			
May 24	250	1,000		500			
June 14	500	1,000		500			

TABLE 10.—Trend of Employment in South Atlantic and South Central Areas, as Indicated by Placement Statistics, February–June 1919

Occupations	February		March		April		May		June	
	Ap- pli- cants un- aided	Posi- tions un- filled	Ap- pli- cants un- aided	Posi- tions un- filled	Ap- pli- cants un- aided	Posi- tions un- filled	Ap- pli- cants un- aided	Posi- tions un- filled	Ap- pli- cants un- aided	Posi- tions un- filled
South Atlantic area										
All reported occupations ¹	1,582	7,332	21,058	12,089	1,837	6,061	2,547	4,502	12,753	5,671
Agricultural workers.....	1,152	-----	-----	2,242	1,096	500	1,302	-----	-----	512
Clerical and professional.....	228	282	-----	201	10	475	-----	435	-----	157
Construction workers.....	1,012	266	1	483	310	52	397	392	1,019	363
Hotel and restaurant employees.....	-----	-----	12	-----	10	-----	200	-----	-----	270
Laborers.....	300	3,013	12,210	6,457	1,075	3,200	700	700	700	1,700
Metal-trades workers.....	-----	608	1	567	25	159	50	293	100	169
Miscellaneous.....	40	1,069	8,556	1,154	226	1,275	304	255	10,203	424
Coal miners.....	-----	600	-----	-----	-----	-----	-----	-----	-----	-----
Shipworkers.....	-----	62	-----	92	-----	173	500	130	200	101
Woodsmen.....	-----	500	-----	1,000	-----	-----	-----	-----	-----	1,123
East South Central area										
All reported occupations ¹	84	2,428	381	1,998	538	2,882	412	3,160	1,268	4,892
Agricultural workers.....	-----	1,531	2	500	-----	500	3	637	1	2,208
Clerical and professional.....	70	-----	29	-----	160	-----	33	8	119	-----
Construction workers.....	6	-----	98	2	131	-----	165	-----	245	11
Hotel and restaurant employees.....	3	-----	14	-----	-----	-----	-----	-----	-----	-----
Laborers.....	-----	165	6	-----	-----	500	-----	525	500	500
Metal-trades workers.....	2	2	57	2	36	-----	38	-----	25	-----
Miscellaneous.....	1	720	81	1,232	145	1,357	90	1,471	330	637
Woodsmen.....	-----	10	-----	250	-----	500	-----	587	-----	1,500
West South Central area										
All reported occupations ¹	817	3,187	1,096	566	-----	-----	-----	-----	1,178	2,275
Agricultural workers.....	-----	120	-----	42	-----	-----	-----	-----	130	1,700
Clerical and professional.....	201	-----	117	-----	-----	-----	-----	-----	311	-----
Construction workers.....	49	-----	325	33	-----	-----	-----	-----	322	6
Hotel and restaurant employees.....	5	-----	-----	-----	-----	-----	-----	-----	12	-----
Laborers.....	500	1,415	527	88	-----	-----	-----	-----	300	191
Metal-trades workers.....	19	20	20	161	-----	-----	-----	-----	12	-----
Miscellaneous.....	7	842	67	118	-----	-----	-----	-----	58	22
Railroad workers.....	-----	380	-----	5	-----	-----	-----	-----	7	40
Woodsmen.....	-----	410	-----	65	-----	-----	-----	-----	10	300

¹ Totals include some occupations not shown.

² Includes chauffeurs and teamsters.

³ Includes chauffeurs and teamsters, as well as 10,000 structural-steel workers.

North Central Area

The war made heavy demands on the industrial cities in this area. Ohio was among the first to be faced with labor difficulties as a result of contract cancellation.

Of the industries in the North Central area, the automotive industry was the first to recover. Detroit, Flint, and other cities manufacturing automobiles, as well as those making automobile parts, shared in this renewed activity. By April calls were being made for workers, and the returning soldiers (who had been a real problem in this area of unemployment) were readily finding jobs.

However, other cities more dependent upon the iron and steel industry, and cities with diversified industries which waited for the general upturn in business conditions, continued to report large labor surpluses well into the early summer.

TABLE 11.—Employment Situation in North Central Area, December 1918–June 1919
 [Figures given in table represent surpluses of labor, unless otherwise noted. Shortages shown by minus.—]

Date	East North Central area										West North Central area				
	Illinois		Indiana		Michigan		Ohio				Wisconsin	Minnesota	Missouri		
	Chicago	Rockford	Indianapolis	East Chicago	Detroit	Grand Rapids	Akron	Cleveland	Dayton	Toledo	Youngstown	Milwaukee	Minneapolis	St. Louis	
1918															
Dec. 7	(?)	(?)	(?)				-3,000	(?)	6,000	2,000	-1,000	(?)	(?)	(?)	
1919															
Jan. 4	(?)	(?)	1,900		20,000	500	-2,000	15,000	7,000	6,000	-200	(?)			
Jan. 18			4,400		25,000	600	(?)	40,000	7,000	10,000	2,000	(?)	2,000		
Jan. 25		250	4,400		30,000	2,000	(?)	55,000	7,000	10,000	1,000		4,000	Reduction expected.	
Feb. 1	Small net reductions	300	4,800		33,000	2,000	1,500	65,000	8,000	9,000	4,500	10,000		Waiting.	
Feb. 8		228	5,300		35,000	2,000	2,000	70,000	11,000	9,000	4,600	11,000	5,000	448.	
Feb. 15		440	6,060		25,000	2,000	2,500	75,000	11,000	9,000	4,700	12,000	7,000	Little business in iron and steel.	
Feb. 22		670	6,200		25,000	1,500	2,500	75,000	11,000	9,000		13,000	7,000		
Mar. 1		670	6,300		25,000	1,500	3,500	75,000	11,000	8,000		5,500	13,500	7,000	
Mar. 8			620	5,700		24,500	1,000	{Conditions unsettled.	60,000		10,000		4,900	13,700	7,500
Mar. 15			870	4,500		23,000	800	3,000	State investigation.				9,000	14,400	Unemployment estimated increasing 1,000 per week.
Mar. 22		640	4,000		22,500	600	{Agreements with employers.						7,000-9,000	15,700	
Mar. 29		350	4,000		{Employment shifting.							(?)		25,000.	
Apr. 12			4,000		{Shortage of skilled labor.								13,000	5,000	
Apr. 25			2,000										12,500		
May 3			1,000										16,000		
May 10	(?)			3,500			-3,000		3,000				10,000	9,300.	
May 17	20,000			4,000			-2,000	30,000	2,600				10,000	10,000.	
May 31	20,000			3,500				30,000	1,600				10,000	5,000	
June 7	55,000			3,000					1,000				6,000	4,000	
June 14	50,000								400				4,000	7,800.	
June 21	30,000						-2,000		200				3,000	3,500	
													2,000	6,200.	
														4,900.	

¹ Balanced labor supply.

² Unemployment abnormal in machine-tool trade

TABLE 12.—Trend of Employment in North Central Area, as Indicated by Placement Statistics, February—June 1919

Occupation	February		March		April		May		June	
	Applicants un-aided	Positions un-filled	Applicants un-aided	Positions un-filled	Applicants un-aided	Positions un-filled	Applicants un-aided	Positions un-filled	Applicants un-aided	Positions un-filled
East North Central area										
All reported occupations ¹	44, 381	859	-----	-----	17, 306	4, 203	3, 563	6, 115	1, 759	-----
Agricultural workers.....	102	-----	-----	-----	-----	700	-----	750	-----	-----
Clerical and professional.....	1, 740	-----	-----	-----	307	-----	351	-----	406	-----
Construction workers.....	1, 798	20	-----	-----	857	-----	77	269	73	-----
Hotel and restaurant employees.....	20	-----	-----	-----	-----	-----	-----	59	3	-----
Laborers.....	3, 696	-----	-----	-----	15, 067	1, 500	3, 000	2, 050	-----	-----
Metal-trades workers.....	325	672	-----	-----	9	952	17	1, 646	83	-----
Miscellaneous.....	35, 187	88	-----	-----	44	201	103	700	160	-----
Coal miners.....	606	-----	-----	-----	-----	-----	-----	-----	1, 000	-----
Machine-tool hands.....	592	-----	-----	-----	1, 015	-----	-----	-----	-----	-----
Woodworkers.....	18	20	-----	-----	-----	-----	3	543	-----	-----
West North Central area										
All reported occupations ¹	11, 305	1, 210	19, 432	2, 171	8, 176	213	10, 979	3, 963	2, 966	2, 953
Agricultural workers.....	100	100	100	390	274	8	-----	2, 186	-----	1, 426
Clerical and professional.....	2, 277	-----	2, 003	-----	541	11	976	-----	682	-----
Construction workers.....	3, 659	-----	4, 382	10	2, 529	5	6, 223	56	831	315
Hotel and restaurant employees.....	2	18	-----	29	2	83	4	1, 318	10	958
Laborers.....	2, 700	4	8, 500	700	3, 550	10	3, 033	205	735	50
Metal-trades workers.....	951	229	542	235	35	19	2	127	6	165
Miscellaneous.....	1, 207	214	436	267	20	72	33	18	111	37
Woodworkers.....	-----	600	700	91	-----	-----	1	50	-----	-----
Railroad workers.....	201	-----	460	400	1, 200	-----	-----	-----	-----	-----
Ore miners.....	-----	-----	1, 000	-----	-----	-----	618	-----	351	-----
Engineers and firemen.....	6	-----	1, 113	-----	14	2	47	2	43	-----

¹ Totals include some occupations not shown.

Mountain and Pacific Areas

Pacific Coast.—Shipbuilding dominated the Pacific Coast war industries in World War I. The aircraft industry was unimportant in that area at that time.

San Francisco and Oakland were the first of the West Coast cities to report considerable unemployment. Differences arose over wages to metal-trades workers as awarded by the Shipbuilding Labor Adjustment Board and soon the mechanics in the shipyards were striking and were joined by boilermakers, machinists, and other metal-trades workers in private shops. In these two cities as many as 18,000 were idle at one time. The Board intervened and by April agreement on both hours and wages had been reached with the majority of the workers.

Los Angeles reported serious unemployment in February, one cause being the curtailment of shipbuilding and the consequent decrease in the Government's construction program. Workers in many other industries, however, were unsettled throughout the spring and early summer. The differences between the workers and their employers lay mainly in the principle of the "closed shop."³

The lumber industry in California, as in the Northwest, marked time through the winter. This industry suffered a serious setback when the Government's wooden-ship program was abandoned in March, for not only the workers in the shipyards but those in the

³ The work of the U. S. Employment Service proved so valuable during this unsettled period that 17 of the California employment offices were continued with private funds when the Service was obliged to curtail its operations.

lumber mills and logging camps had to await new business or seek work elsewhere. The lumbermen were left with cancelled orders and with quantities of lumber cut and ready for shipment.

By April, California reported a revival of business and the opening of new projects, both municipal and private. Storage reservoirs, packing plants, other food industries, and the hotel business promised employment for many.

The shipyard workers in Seattle and Tacoma and other shipbuilding centers in Washington were restless. In January they, too, struck for higher wages and it was estimated that approximately 40,000 workers were idle at one time. This strike precipitated the most unusual labor situation of the post-war period—the Seattle general strike. Although it lasted only 3 days, troops were called in to maintain order. The workers gained nothing from the strike, and the shipyard strike was called off February 12.

Flour mills in Seattle and Portland were inactive during the winter. Lumber mills were concerned because of the continued absence of construction business and railroad orders. Returning soldiers added to the tension, and among the waterfront workers there was continuous unrest.

By April there were definite indications of a turn in the business situation. Many industries were hiring additional workers. New life in the construction industry meant increasing sales of lumber. The steel shipyards were still busy. All of the available records point to considerable judgment and understanding on the part of the businessmen in this area. By the summer of 1919 the Pacific Northwest was feeling the upturn in business throughout the country.

Mountain area.—Metal mining dominated the situation in the Mountain States. It was obvious that as Government munitions plants curtailed their output, the effect would be passed along the line through the furnaces and rolling mills to the mines.

As early as December the copper companies began to cut down production and some mines reduced their forces by 50 percent. Announcements of wage reductions soon followed. Then came scattered strikes, the number of miners affected varying from place to place and from time to time. Butte, Mont., was the first center of unemployment and strife; in March similar but smaller situations occurred in Arizona, Utah, and Idaho. In Colorado the lead industry was stagnant. The reports of surplus labor reflect this condition.

It is probable that no group of workers was more demoralized by the abrupt ending of the war than the ore miners. There were great surpluses of raw materials and the powerful mining companies could afford to wait for business to readjust itself. The miners waited also, but not without registering their protests.

Salt Lake City and Denver felt the effects of the demobilization of war activities less than most of the other industrial cities of their size. In these two cities the building trades suffered most from the business uncertainty. The scattered striking workers in this area gained little and returned to work, where possible, under conditions prevailing when they went out.

Agricultural workers both in these States and in the Pacific area were in demand, moving from crop to crop. They were unorganized and without leadership, and such efforts as they made to better their conditions were usually reported in such a way as to alienate the reading public.

TABLE 13.—The Employment Situation in Pacific and Mountain Areas, December 1918–June 1919

[Figures given in table represent surpluses of labor, unless otherwise noted.]

Date	Pacific area					Mountain area	
	California			Oregon	Washington	Montana	Utah
	San Francisco	Oakland	Los Angeles	Portland	Seattle	Butte	Salt Lake City
1918							
Dec. 7.....	7,000.....	2,700.....	Conditions good.....		Shortage of shipyard workers; surplus in other industries.	Balanced labor supply.	Some surplus.
Dec. 28.....	7,500.....		Reductions expected	Balanced labor supply.			Increasing surplus.
1919							
Jan. 4.....	8,000.....	3,000.....	Less satisfactory.....				
Jan. 11.....				6,000.....	Shipyard strike.....		1,000.
Jan. 18.....				7,000.....	8,000.....	10,000.....	
Jan. 25.....				6,500.....	10,000.....	7,500.....	
Feb. 1.....				8,000.....	General strike.....		
Feb. 8.....	7,000.....	4,000.....	8,000 (first surplus)	Conditions acute	12,000.....	18,000.....	2,500.
Feb. 15.....				12,000.....	Shortages of metalworkers	18,000.....	3,000.
Feb. 22.....	8,200.....	10,000.....	8,500.....		9,000.....	12,000.....	3,500.
Mar. 1.....					10,000.....		5,000.
Mar. 8.....	12,300.....	7,500.....	8,500.....	9,000.....	10,000.....	10,000.....	
Mar. 15.....		Shipyard strikes		9,750.....	Labor disagreements		6,000.
Mar. 22.....	} Machinists' strike.	7,300.....	9,000.....	7,500.....	7,000.....	8,000.....	
Mar. 29.....				6,000.....	10,000.....		
Apr. 5.....		500.....	8,000.....	4,000.....			5,500.
Apr. 12.....		400.....	7,000.....	2,400.....			5,000.
Apr. 19.....		350.....	7,500.....	1,200.....			4,500.
Apr. 26.....		350.....	6,500.....	1,130.....	2,000.....		
May 3.....		350.....	7,000.....				
May 10.....		} Shortage of shipyard workers.	5,600.....	(1).....	(1).....		} Surplus building trades, farm labor, and casual workers.
May 17.....	1,800.....		4,900.....				
May 31.....	1,000.....		200.....	4,800.....	275.....	2,000.....		1,500.
June 14.....	1,000.....	200.....			1,000.....		500.

¹ Unemployment slowly declining in the Northwest.

TABLE 14.—Trend of Employment in the Far West, as Indicated by Placement Statistics, February–June 1919

Occupations	February		March		April		May		June	
	Applicants un-aided	Positions un-filled	Applicants un-aided	Positions un-filled	Applicants un-aided	Positions un-filled	Applicants un-aided	Positions un-filled	Applicants un-aided	Positions un-filled
Pacific										
All reported occupations ¹	14, 510	83	36, 477	35	36, 570	.....	9, 556	1, 175	8, 115	2, 885
Agricultural workers.....	475	.....	2, 800	.....	1, 500	.....	1, 000	150	.....	150
Clerical and professional.....	860	.....	2, 170	.....	1, 005	.....	900	.....	850	.....
Construction workers.....	2, 785	.....	3, 630	.....	5, 030	.....	2, 056	.....	1, 650	.....
Hotel and restaurant employees.....	65	.....	1, 100	.....	610	.....	100	.....	350	.....
Laborers.....	6, 450	.....	16, 500	.....	14, 500	.....	4, 750	.....	4, 500	.....
Metal-trades workers.....	255	73	798	35	11, 925	.....	130	115	235	100
Miscellaneous.....	1, 025	10	400	.....	160	.....	400	10	370	950
Shipworkers.....	650	.....	5, 000	.....	800	.....	150	300	.....	300
Woodsmen.....	1, 680	.....	2, 140	.....	1, 000	.....	.....	.....	.....	.....
Mountain										
All reported occupations ¹	15, 491	6, 058	17, 810	789	7, 076	1, 321	6, 646	1, 943	2, 469	2, 116
Agricultural workers.....	925	.....	771	50	124	400	51	710	5	980
Clerical and professional.....	568	.....	569	.....	451	.....	363	.....	380	.....
Construction workers.....	1, 084	.....	955	.....	50	33	149	31	47	89
Hotel and restaurant employees.....	55	650	98	525	60	600	42	451	.....	403
Laborers.....	4, 829	.....	5, 486	.....	1, 741	.....	1, 334	50	262	200
Metal-trades workers.....	185	150	218	214	.....	188	159	21	45	33
Miscellaneous.....	604	33	1, 726	.....	50	.....	300	.....	100	370
Ore miners.....	7, 066	5, 200	7, 828	.....	4, 400	.....	4, 054	600	1, 500	4

¹ Totals include some occupations not shown.

LABOR SITUATION IN MAY 1919, BY REGIONS

The following statements covering labor conditions for the week of May 10, 1919, were reported to the Employment Service by the Division of Conciliation of the United States Department of Labor, Federal Directors of the Service, and Community Labor Boards in 87 widely scattered cities.⁴

New England Area

With the exception of threats of strikes in Portland, Maine (the nature of which is not indicated in the telegram), there seems to be no unrest in this section.

Middle Atlantic Area

New York.—There are strikes in the building trades in Albany, Schenectady, and Troy, and at Burden Iron Co., Troy; threats of strikes in the large collar plants at Troy (a Federal Conciliator has been asked for). Strikes in the paper and pulp mills of Glens Falls; controversy at American Car & Foundry Co., Buffalo, over unfair conditions.

New Jersey.—There was a threatened strike of the employees at the Heyden Chemical Co., Carfield, N. J., over hours and wages, which has been adjusted during the week, the demands of the workers being granted, with the exception of some minor details of which the men have approved.

Pennsylvania.—In Philadelphia there is a strike of bakers, and in Pittsburgh threats of strikes of the street-car men; a threatened strike of 275 workmen in Scranton which will indirectly affect 30,000 workmen. The situation is reported

⁴ Data are from National Archives files of the Central Bureau of Planning and Statistics.

serious. A lockout of 40 workmen of the Chambersburg Foundry & Machine Co., Chambersburg, Pa., because the company refuses to comply with the umpire's decision to pay overtime since October; the Commissioner of Conciliation has waited on the superintendent who says he cannot pay until authorized by the board of directors; the employees have entered legal proceedings to collect the amount claimed to be due; during the last week a controversy of the employees of the Wolff Mfg. Co., Chambersburg, Pa., has been adjusted; a strike of molders and carpenters at Bradford; a strike of sheet-metal workers at the York Corrugating Co., York, Pa.; a strike of bakers at York over wages and conditions; a controversy affecting 1,700 workers of the Page Co. steel mill at Monessen has been adjusted.

East North Central Area

Ohio.—There are strikes as follows: In Akron 150 molders; Cleveland 2,000 woodworkers of the Theo. Keuntz Co. and Lang Body Co.; also strikes in Youngstown. A controversy is on in the building trades of Cleveland under a claimed violation of agreement, also a controversy of 200 sheet-metal workers at Dayton, which was adjusted during the week by the Division of Conciliation. A controversy is reported of the electrical workers and hod-carriers in Dayton. During the week a threatened strike of 150 Jewish bakers at Cleveland, which would indirectly affect an additional 50 workers, was adjusted by the conciliator; as also was a strike in the Kelley Island Lime & Transportation Co. at Marblehead.

Indiana.—Fifty plumbers and fifty electricians are on strike in Fort Wayne. There are threats of strikes of 2,000 building laborers and teamsters in East Chicago; strikes of 150 union electricians and painters; four iron workers at Stewart Construction Co.; twenty carpenters and three hoisting engineers in South Bend.

Illinois.—There are strikes in the bread and shoe industries in Joliet, and there are strikes in Rockford; a controversy of the employees in the American Hide & Leather Co., Chicago, was brought to the attention of the Division of Conciliation during the week, as also the mob violence at Nokomi where threats were made to deport residents and the mayor was unable to handle the situation; also a controversy of the employees with the American Steel & Wire Co., Waukegan, because of the dismissal of men without reason; also a controversy of 3,000 milk drivers in Chicago, because of wages; strike of 100 waiters and cooks in eight restaurants in South Chicago; sympathetic strike of 800 bakery drivers against the Master Bakers Association, and lockout in the Crown Electrical Mfg. Co., St. Charles.

Wisconsin.—There is labor unrest in Racine, and strikes of plumbers in Superior; satisfactory settlement of machinists' strike in Madison is expected in the near future; 40 molders' helpers and 43 machinists are locked out at LaCrosse; strike at Drummond packing plant at Eau Claire; building trades in Superior gradually reaching agreement. During the week a strike of the molders at Eau Claire was brought to the attention of the Division of Conciliation, as also was a strike of finishers at Matthews Bros Co., Milwaukee; and during the week the Division of Conciliation reports a successful settlement of the controversy of the leather workers employed by the Schwann-Seyberth Co. at Eau Claire.

West North Central Area

Minnesota.—There are threats of strikes in Duluth, all trade-unions now voting on a general strike for June 1. Carpenters are striking in Minneapolis; St. Paul last week reported the entire building trades affected—600 carpenters and 600 building laborers—the report this week indicated that 1,000 more men are affected by these strikes.

Missouri.—During the week a controversy of 400 employees of the Liggett & Meyers Tobacco Co. at St. Louis (indirectly affecting 3,400) was reported adjusted by the Division of Conciliation, as also was a threatened strike in the bridge shops in St. Louis.

Iowa.—Controversy at the Dubuque Boat & Boiler Works, Dubuque, and controversy of employees of the Rath Packing Co., Waterloo, over wage scales were brought to the attention of the Division of Conciliation during the week.

South Atlantic Area

Virginia.—Strikes are reported at Norfolk which involved 2,000 in the metal trades.

West Virginia.—Conditions in the Charleston district are unsettled because of the building-trades controversy. A controversy of the employees of the Baldwin

Tool Works at Parkersburg, because of alleged discrimination, was brought to the attention of the Division of Conciliation during the week. There are threats of strikes in Charleston, and 200 plumbers, structural-iron workers, electricians, sheet-metal workers, and painters, retarding building trades generally, are on strike in Wheeling.

North Carolina.—Strikes are in progress at Raleigh, and the unions at the same place claim partial lockout of carpenters, electricians, and plumbers.

South Carolina.—Strikes are in progress in Charleston; 32 firms have signed an agreement for open shop and carpenters are still out.

Georgia.—There are strikes among the electricians and iron molders in Atlanta.

Florida.—A strike of 38 employees at Jacksonville was brought to the attention of the Division of Conciliation during the week.

East South Central Area

Kentucky.—For nearly 4 months there has been a strike on at Sherman & Sons, textile workers, and conditions the past week are reported to be unchanged.

Tennessee.—During the week a controversy of the 80 miners of the Bon Air Coal & Iron Co., at Allens Creek, which affected indirectly 250 workmen, was reported settled during the week.

West South Central Area

Oklahoma.—During the week there was brought to the attention of the Division of Conciliation a controversy of 100 machinists, blacksmiths, and molders of the McEwen Mfg. Co., Tulsa, the men claiming they were losing time for work spoiled; also a controversy of the oil workers employed by Constantin Co., Tulsa, because of alleged discrimination.

Texas.—A controversy of 150 employees at the stock yards at Fort Worth over an alleged noncompliance of the Alschuler award was adjusted by the Division of Conciliation during the week.

Mountain Area

Utah.—Strikes are reported among the cooks, waiters, and bakers at Salt Lake City, which it is hoped can be settled locally; strikes amongst the miners for which Federal aid in adjustment is desired, a strike of 500 employees (indirectly affecting 650), Garfield Smelting Co., Salt Lake City, because of a cut in wages, was settled during the week by the Division of Conciliation, the company providing for election of a grievance committee, preference to be given strikers; also a temporary understanding that if any further reductions were necessary, the company would give 25 percent less to smelting companies than to mining companies. A strike of 1,000 miners in the Park City district over hours and wages has been reported to the Division of Conciliation.

Montana.—A strike of 40 employees of the Tuolomne Copper Co., Butte, over the employment of a blacksmith, not in good standing with the Metal Trades Council, was reported and adjusted during the week, an agreement being made which provided that all craftsmen employed must be in good standing with the Council. The man in question was suspended and all the men returned to work.

Arizona.—A threatened strike of 400 miners of the United Eastern Co., at Oatman, was reported and adjusted during the week. The union miners, although in majority, said they would not "scab" if 100 I. W. W.'s called the strike. After correspondence with both sides the company agreed to give all union men in good standing preference after the returned soldiers. There is peace for the time being.

Pacific Area

Washington.—There are threats of strikes along the waterfront in Seattle, and at the same place the carpenters are now on strike for \$7.50 per day, 5 days per week.

California.—There are strikes in 18 baking concerns involving 200 bakers, in Los Angeles, and also in 35 to 40 paint shops involving 700 workmen; 7 electrical shops involving 60 workmen. A Federal Conciliator is on the ground.

It is evident that these reports were, in the main, a record of widespread and prolonged strife between employers and the workers, involving various demands by the latter, such as shorter working

hours and wage increases. The most difficult question involved, however, was the right of the workers to organize. In this connection it should be remembered that collective bargaining as it is known today did not then exist.

There were extremists in both ranks, but without free and open communication between management and the workers, settlements came slowly. However, the efforts of farseeing employers, of citizens who acted as impartial arbitrators, and of sober men in the ranks of labor gradually brought about more willingness on both sides to confer and to conciliate. By and large, the just demands of the wage earners were granted. The need for new management policies was slowly recognized and here and there they were adopted. As one writer said: "The new employment policy * * * is a step on the side of Americanization that begins, significantly enough, by Americanizing the management."⁵ Out of these strikes came slow realization of the essential need for industrial democracy.

SHIFTS IN LABOR SUPPLY

Each week from November 1918 to June 1919 about 100 large industrial cities reported their approximate labor supply to the Employment Service. In the following table this information is presented in the form of percentages, showing for each reporting period the percentage of the total number of cities reporting the need for additional workers, the percentage where supply and demand were about equal, and the percentage of total cities reporting surplus workers.

Immediately after the Armistice only about 10 percent of the cities reported surplus labor, and a fourth of them needed more workers. As of March 8, however, about 70 percent had considerable unemployment (table 15). The major part of the shift had occurred in cities where employment conditions had earlier been satisfactory.

By June 14 the business revival is reflected in the decreasing number of cities with labor surpluses. It is significant that during the whole period there were areas where workers were needed, while men were seeking employment elsewhere.

THE UPTURN IN BUSINESS AND EMPLOYMENT

Employment.—By May 1919 there was definite evidence of a business upturn which would have been more general had the steel price situation been settled. The steel trade reported in the middle of May that not since May 1915 had pig-iron production been so low. Reports of price concessions persisted, but the demand for steel did not improve until optimistic statements by the large producers gave some assurance that there would be no immediate price reduction.

The automobile industry was outstanding in its activity. Plants with unfinished war contracts were working feverishly to complete them. The demand for passenger cars was so great that orders were booked into 1920. Hundreds of workers, both skilled and unskilled, were being brought into the factories and facilities were being expanded.

The textile industry reported increased activity in every line, with orders increasing each week. This probably accounted in part for

⁵ John A. Fitch, in *The Survey*, April 5, 1919.

TABLE 15.—Shifts in Labor Supply in Large Industrial Areas, November 30, 1918—June 14, 1919¹

Date	Percent of all cities reporting which estimated—			Date	Percent of all cities reporting which estimated—		
	Shortages	Balanced labor supply	Surpluses		Shortages	Balanced labor supply	Surpluses
<i>1918</i>				<i>1919—Con.</i>			
Nov. 30.....	25.2	64.4	10.4	Mar. 8.....	9.0	21.3	69.7
Dec. 7.....	23.8	63.1	13.1	Mar. 15.....	7.4	24.6	68.0
Dec. 14.....	24.6	54.1	21.3	Mar. 22.....	13.6	24.3	62.1
Dec. 21.....	20.8	48.4	30.8	Mar. 29.....	13.6	28.8	57.6
Dec. 28.....	21.3	45.1	33.6	Apr. 5.....	11.7	28.3	60.0
<i>1919</i>				Apr. 12.....	10.4	37.9	51.7
Jan. 4.....	22.3	38.9	38.8	Apr. 19.....	10.1	42.0	47.8
Jan. 11.....	18.0	44.3	37.7	Apr. 26.....	11.8	38.2	50.0
Jan. 18.....	14.8	40.1	45.1	May 3.....	14.5	34.9	50.6
Jan. 25.....	14.8	35.2	50.0	May 10.....	16.8	37.1	46.1
Feb. 1.....	13.1	30.3	56.6	May 17.....	18.9	37.8	43.3
Feb. 8.....	13.9	29.1	59.0	May 24.....	18.8	35.7	45.5
Feb. 15.....	14.9	24.6	60.7	May 31.....	15.0	31.0	54.0
Feb. 22.....	14.8	18.0	67.2	June 7.....	19.0	33.0	48.0
Mar. 1.....	11.5	24.6	63.9	June 14.....	19.1	37.1	43.8

¹ Data are from Weekly Reports on Labor Conditions, U. S. Employment Service, June 21, 1919, based upon data received weekly from about 100 cities.

the 15-percent wage increase announced in May, affecting 600,000 textile workers in New England and New Jersey. Strikes then subsided. The long-drawn-out strike of the New York garment workers ended late in May with the granting of a 48-hour week, unionization, wage increases, and a weekly work basis. There was a decided improvement in the shoe business, and the glove industry was held back only by a shortage of desirable leathers.

Construction activity was at last under way in the country at large. Building permits for March were almost double those for February and were three times those for December 1918. The whole industry took a surge forward in April, bringing new life to the industries manufacturing products needed for residential construction.

Unemployment was probably greatest among the ore and coal miners in the late spring of 1919. Ohio reported 12,000 idle since January; 70,000 were out of work in Illinois; and most of the 40,000 unemployed reported from Missouri were miners. By June, however, the fuel industry was recovering as the factories increased their activities.

During the second half of the year there was a net increase in factory employment of almost 600,000 and for 1919 as a whole there were 130 jobs for each 100 pre-war jobs. Statistics of monthly changes in factory employment, by industries, shown in table 16, reveal the early months of uncertainty in manufacturing industries and the later period of rapid recovery.

General economic conditions.—At the end of 1919 it might have been argued that the country had made a good recovery from the effects of the war and that there was general prosperity. The national income greatly exceeded that of the war years, amounting to \$305 per capita for the farm population and \$670 for those in urban areas. Money earnings had gone steadily upward throughout the year, and bank deposits also climbed. Production of manufactured goods lagged, however. Compared with the average for 1919, the monthly changes

TABLE 16.—Monthly Changes in Factory Employment, January–December 1919, by Industry¹

[Figures are in thousands]

Industry	Total reported January 1919	Number of employees separated (–) or added (+) each month						Net change
		January	February	March	April	May	June	
All industries:								
Separations.....		–261.5	–95.3	–100.7	–65.8	–35.8	–42.6	–601.7
Additions.....		+4.9	+84.1	+106.4	+120.8	+142.7	+247.0	+705.9
Net change.....		–256.6	–11.2	+5.7	+55.0	+106.9	+204.4	+104.2
Textiles.....	1,487.6	–94.5	+42.4	+63.5	+57.1	+52.1	+76.6	+197.2
Machinery.....	1,066.1	–24.8	–32.7	–10.6	–26.6	–20.4	+6.2	–108.9
Iron and steel.....	974.4	–45.5	–33.9	–42.9	–18.7	+7.1	+54.5	–79.4
Food and canning.....	799.8	–25.4	–7.7	–18.0	–6.5	+36.7	+57.1	+36.2
Transportation equipment.....	793.5	–53.4	–10.5	–14.3	–1.3	+14.0	+7.8	–67.7
Lumber.....	767.0	+2.8	+23.6	+9	+20.1	+4.5	+29.1	+81.0
Paper and printing.....	506.1	–3.7	+6	–6.4	–8.0	+11.7	+6.9	+1.1
Leather.....	339.0	+7	–2.3	–4.2	+5.2	+3.2	+2.3	+4.9
Stone, clay, and glass.....	245.2	–9.1	+16.8	+39.3	+33.9	+10.5	–25.2	+66.2
Tobacco.....	179.7	–3.4	–2.2	+1.2	–4.1	–15.0	–16.2	–39.7
Chemicals.....	149.5	–1.7	–6.0	–4.3	–6	–4	–1.2	–14.2
Nonferrous metals.....	131.0	+1.4	+7	+1.5	+4.5	+2.9	+6.5	+17.5

Industry	Number of employees separated (–) or added (+) each month						Net change
	July	August	September	October	November	December	
All industries:							
Additions.....	+215.5	+163.1	+120.5	+172.3	+162.9	+161.7	+672.8
Separations.....	–22.9	–19.9	+148.9	–86.8	–30.0	–95.1	–90.4
Net change.....	191.6	+144.2	–28.4	+85.5	+132.9	+66.6	+592.4
Textiles.....	+1.6	+24.5	+24.4	+4.9	+35.8	+26.1	+117.3
Machinery.....	+48.7	+33.7	+38.1	+39.8	+39.0	+31.0	+230.3
Iron and steel.....	+23.2	–1.8	–99.9	+82.0	+55.4	+37.4	+96.3
Food and canning.....	+57.5	+42.5	–33.6	–64.9	–19.8	–53.1	–71.4
Transportation equipment.....	–9.3	+13.1	–15.4	–11.3	–2.9	+47.7	+21.9
Lumber.....	+40.1	+33.6	+31.0	+7.2	+9.1	–25.4	+95.6
Paper and printing.....	+4.8	+4.2	+1.1	+10.6	+15.4	+6.9	+43.0
Leather.....	+10.3	+4.9	+3.2	+7.5	+6.4	+3.9	+36.2
Stone, clay and glass.....	+24.9	–14.7	+10.8	–9.4	–5.6	–14.7	–8.7
Tobacco.....	–14.3	+6.6	+6.1	+20.3	–9	+6.8	+24.6
Chemicals.....	–3	–5	+8	–2	+1.8	–1.9	–3
Nonferrous metals.....	+4.4	–1.9	+5.0	–1.0	–.8	+1.9	+7.6

¹ From U. S. Bureau of Labor Statistics Historical Study No. 58: Post-Armistice Industrial Developments, 1918–20. Data for the table were derived from basic figures for Federal Reserve Index of Factory Employment.

in production from January 1919 through June 1920 did not reflect the degree of activity which purchasing power in this country and the needs abroad seemed to justify. Only the automobile industry, with good employment and a high wage level, forged ahead.

Prices and cost of living.—There was one element of the economy which was not reassuring. The high wartime prices did not recede. On the contrary they advanced. For the year 1918 wholesale prices averaged 88 percent higher than in 1913; for 1919 they were approximately double the average for 1913. In December 1918 they were 95 percent higher than pre-war prices; in December 1919 they were 116 percent above the same period.

These increases were carried forward into the costs of items essential to the maintenance of family life. Food costs, which had gone steadily upward throughout the war period, kept on rising. Costs of clothing,

shoes, housefurnishings, and housing all rose, month by month. There were scarcities in many of these goods and the young people who were establishing new homes found it difficult to obtain their requirements even at the prevailing high prices.

Although dollar earnings of wage earners were increasing, their purchasing power was declining as prices rose. Professional workers, public employees, and those in service trades were even worse off, since they had received little or no additional compensation during the war.

The "high cost of living" was a matter of both private and public concern. In August 1919, the President sought to stem the tide by asking Congress for renewal of wartime price controls. This effort failed. Each month saw a continuation of the upward trend. There was general discussion of the large volume of buying orders, of unsatisfied demand, and of unwise consumer spending. The value of the construction of such projects as libraries, parks, and museums both for providing employment and for satisfying human needs had not yet been realized. The whole problem was so complex that those most affected were unable to make a diagnosis or suggest a remedy.⁶

The Governor of the Federal Reserve Board, in September 1919 summed up the situation which was to continue for many months:

The high cost of living, which is the most serious problem confronting the American people at the present time, is not merely a local question or a national one, but is a world-wide condition. While various factors have contributed to the existing situation, its fundamental cause is being better understood every day, and the principles which must govern the application of the only effective remedy are becoming more clearly defined. While the gratification of a general desire to possess more of the comforts and luxuries of life and the demand for more hours of leisure and recreation have undoubtedly contributed to higher costs, it is now recognized that the primary cause of the great advance in prices and wages during the past 4½ years is the terrible destruction of life and property and the consumption of liquid wealth occasioned by the world war.

There has been a vast expansion of credits, not only in the country but throughout the civilized world; and workers have manifested since the suspension of hostilities a desire to relax from the rigors of the wartime regime, from drastic economies and deprivations, and they are at the same time demanding shorter working hours and more pay. Because of this and of the impairment of productive capacity, there has been a curtailment of production, together with higher costs in the processes of distribution, which have driven prices up to a higher level than was reached even during the closing months of the war. (W. P. G. Harding, Governor of Federal Reserve Board, in *The Economic World*, Sept. 20, 1919.)

Special Problems of the War Department and Servicemen

During these months of industrial readjustment the War Department was coping with the task of returning the "Emergency Army" to civil life. This proved to be much more difficult than had been anticipated when plans for discharging the soldiers were announced soon after the Armistice. These servicemen, upon release, were again free to control their own movements. Their interests as private citizens were bound up with those of the industrial workers, but there were frequent clashes between the groups as they each turned back to peacetime living.

⁶ For more detailed data see U. S. Bureau of Labor Statistics Historical Study No. 58: Post-Armistice Industrial Development, 1918-20.

DEMOBILIZATION PROBLEMS

The rate at which demobilization of the Army should proceed was debated throughout the period of demobilization. Appeals for speedy discharge and for special consideration came from civilian groups and, of course, from the men themselves. Manufacturers who had lost competent executives and skilled workmen to the Army urged their prompt release to help in the reorganization of industry on a peacetime basis. The seasons of planting and of harvest brought appeals from the farmers. Families besieged the War Department insistently. Some of the special pleadings were supported by Government agencies aware of real need in some quarters, and others were channeled through Congressmen.

On the other hand, it seemed probable that the peak of industrial unemployment and unrest would coincide with the peak period of soldier discharge. It was therefore right that Government agencies, civilian welfare groups, and harried businessmen should warn the War Department of the possible ill effects of too rapid discharge when there was already little employment available for the idle industrial workers.

The method of demobilization selected by the Chief of Staff, as well as the desires of the men themselves and of their commanding officers, favored speedy discharge. It is therefore not surprising that the War Department provided for considerable flexibility in carrying out this procedure. Under special instructions of November 21, 1918, and under specified conditions, some men could be released ahead of others upon their individual request. Although the War Department publicly avowed its intention to administer these provisions cautiously and without discrimination, the evidence indicates abuse by both soldiers and demobilization officers. As time went on, special discharges were even more readily granted if the men could be spared.

By the first of February 1919 the Chief of Staff had issued orders for the discharge of all of the troops who were in this country at the time of the Armistice, with the exception of the regular Army men, medical personnel, and administrative detachments required for demobilization. The latter groups protested. Many of them were disappointed because they did not get overseas; others knew that, if necessary, they would have gone over whether they wished to or not; almost all of them were resentful at being retained. Those in disembarkation camps along the Atlantic coast saw that men returning after little service abroad were being released while they themselves were retained. The situation became so grave that in March the War Department arranged for the appointment of civilians to take over the clerical work of those who wished to be discharged, keeping only those enlisted men who wished to remain in the service.

As there were 31 widely scattered demobilization camps, dependent upon semitrained personnel and without uniform procedures, the actual discharge rate was relatively slow. One by one the demobilization camps were closed, orders for release were relaxed, and the rule that men should be sent for discharge to stations near their homes was followed only "as far as practicable."⁷

⁷ U. S. Official Bulletin, December 18, 1918.

All efforts were now directed to the completion of plans for demobilizing troops returning from abroad. The early optimistic estimates of rate of return were not borne out. The majority of the troops landed in January and February 1919 were frequently held in disembarkation centers and their discharge delayed for various reasons. In view of the mounting unemployment resulting from curtailment of war industries, this was probably fortunate.

PROBLEMS OF ASSISTANCE TO RETURNING SOLDIERS

About the first of March the War Department approved the installation in France of a system for obtaining applications for employment from the soldiers before they sailed, these to be forwarded immediately to the office of the Employment Service in this country. The men were given information as to the kind of help this service could provide in obtaining jobs for them and in smoothing their way after discharge. It was late to institute such a plan when men were arriving in this country at the rate of over 100,000 a month.

Once again it must be stated that the majority of the ex-service-men put on civilian clothing, went home, and made their own adjustments to civilian life, with little difficulty or under great stress as the case might be. However, the best estimates indicate that of 3,422,233 men discharged during the first 12 months after the close of the war, 1,332,494 soldiers, sailors, and marines registered for employment.

By March the munitions factories were beginning to discharge employees in large numbers. It was reported that Connecticut had laid off 40,000 or more workers in 3 weeks. Some found work, some left the area, but many were idle. Labor surpluses were reported from every large city in New York. In Detroit five or six thousand idle soldiers were added to the 15,000 "normally" unemployed.

As signs of increasing unemployment became more evident, the War Department issued instructions which would "insure that every enlisted man understands that the War Department does not desire to discharge any soldier who cannot find civil employment." He could remain in military service "upon his own written request" until he could secure employment. During the period that he remained in the service his dependents, if any, would continue to draw their allotments.⁸

Congress had become concerned. Additional "reconstruction" bills and resolutions were introduced. Some died in Committee. A few were debated in one or both Houses. None were enacted into law. One proposal which had been considered in 1918 was again brought up, sponsored by Senator Kenyon of Iowa and Congressman Byrnes of South Carolina. The Secretary of the Interior had for many months urged legislation authorizing measures for conservation, reclamation, and improvement of the country's natural resources. Such a policy if adopted in time would have provided employment for workers at many levels of skill while it restored and brought into cultivation lands long idle, and would have benefited every part of the United States. To these proposals only two objections of any moment were raised: (1) That the reclamation and cultivation of vast areas of unused and unproductive land throughout

⁸ War Department Circular No. 34, January 23, 1919.

the country would result in overproduction and depressing the prices of food stuffs; (2) that abandoned farms, particularly in the New England States, should be utilized before undertaking the reclamation of new land.

The public press, the Congress, and the influential citizens who had earlier discounted the idea of any demobilization crisis all became vocal, as they saw the plain evidence of the critical and mounting problem of the unemployed workers. Strong criticism was voiced, of which the following is an example:

Neither the railroad administration, the Treasury, the states, the municipalities, or Congress have adopted any plans for needed renewals, new buildings and equipment which would serve as a buffer against unemployment until the coming fall. * * * If, consequently, suffering and unrest take place it will be the clear fault of the government. The problem of transition was comparatively easy in this country and because it was easy it was neglected. The Administration and Congress have conspired to ignore a plain public obligation. (The New Republic, Feb. 8, 1919, p. 35.)

The events of the following months justified these words, but it was too late for recriminations or even for consideration of reconstruction policies. It had been forgotten that the purposes of any policy which came too late could be defeated because of the time required for establishment of adequate administrative procedures. The authorization at this time of a bonus of \$60 for all officers, soldiers, field clerks, and Army nurses (provided for in the Revenue Act of February 24, 1919) could not be construed as a solution.

At this point Congress refused to provide funds for the expanding and important activities of the U. S. Employment Service. This meant that the Service must curtail its work about 80 percent, and that the efforts being carried forward to place both soldiers and civilians in employment in communities throughout the country would be defeated. Immediately the esprit de corps of the staff was lowered and the efficiency of the work reduced.

This occurred at a time when not yet half of the Army had been demobilized and the volume of men arriving from France was increasing week by week. These arrivals did not reach their peak until June and continued in considerable numbers throughout the summer.

Aroused by the failure to provide support for the Employment Service, individuals and private welfare agencies proffered funds to continue its work. Some of the agencies undertook to continue the work of a large number of the placement bureaus from which the Employment Service was now obliged to withdraw.

The Council of National Defense, one of the continuing war agencies of which all Cabinet officials were members, stepped into the breach. On March 15 with the approval of the Secretaries of War and of Labor it formed an Emergency Committee to carry on the program of the Employment Service in assisting soldiers to find work wherever there was need or desire. Heading the committee was Franklin D. Roosevelt, then Assistant Secretary of the Navy. Col. Arthur Woods, formerly Police Commissioner of New York City, was appointed to take charge of the work.

Colonel Woods decided to strengthen the Bureau for Returning Soldiers, Sailors, and Marines, already operating with more or less efficiency in the most critical communities. He divided the country into districts conforming roughly to the Military Departments of the

War Department. A staff of field investigators was sent out to review the situation in the various placement bureaus.

Colonel Woods appealed to Chambers of Commerce and trade and industrial organizations for understanding of the servicemen's point of view and for assistance in arranging for funds for returning to their homes men who were stranded with little money, these amounts to be loaned by local chambers and returned later. In a letter to the U. S. Chamber of Commerce Colonel Woods said:

Most of the soldiers who are discharged from the Army find employment for themselves, usually going back to their old jobs. It is therefore a minority who need help. The work is made more difficult than it would otherwise be by the human tendency of soldiers upon discharge to linger awhile in large cities, instead of going home to find employment at once. Many soldiers also feel that they are qualified to have better positions and therefore earn better pay than they did before the war. * * * Unfortunately this is a hard time in which to make the improvement which they are rightly ambitious to make, for industry is in a period of transition and jobs are hard to find. The soldier should be urged to go back to his home town and, unless a better position can be obtained for him, take his old job, not because that is the best he is fitted for, but because, owing to the industrial situation, it is an unfavorable time for him to seek a different position. He should certainly not give up his aim to get the better job, but he should work for it from his old position, and not from a state of unemployment. (U. S. Official Bulletin, Mar. 26, 1919.)

OTHER PROBLEMS

Among the other problems faced by the War Department representatives were those of maintaining the employment service, bringing together scattered efforts of well-intentioned but separately ineffective groups, convincing the public of the need for a special placement service for the servicemen,⁹ and finally, coping with the attitude of the men themselves.

The soldiers had returned from abroad expecting the wartime wages of which they had heard so much, to face with surprise the fact that there was a dearth of jobs at any wage. Many of them found their old jobs gone, either because others had filled their places or because the job itself no longer existed. Some employers, themselves in distress, did all they could to assist these men; others became disaffected and had little or no patience with them.

By the very nature of the Selective Service System, the "Emergency Army" was drawn from the people as a whole, and reflected all their virtues and faults. The evidence shows that some discharged men took advantage of the uniform to prey upon the sympathies of the public; that many of them did not want jobs and were slackers when they were given work; that in some cases they joined forces with unscrupulous labor agitators; and that certain individuals acted as strikebreakers, sometimes knowingly, sometimes not. In short, this small proportion of the men did great injury to themselves and others by their disregard of either their own or the public interest. The men were also frequently the victims of sharpers who relieved them of their money and their self-respect. Then, too, the prolonged period of strikes in first one occupation and then another not only made it difficult to place the men but encouraged their participation in the accompanying acts of violence. The situation became so flagrant that both the War Department and the local authorities

⁹ The story of the attitude of the public toward the returning soldiers has already been told in detail in the *Monthly Labor Review*, December 1943 (p. 1060).

were obliged to take disciplinary measures. Undoubtedly, some of this could have been avoided if the machinery for handling the whole problem of both military and civilian demobilization had been functioning smoothly when the crisis arose.

PLACEMENTS IN RELATION TO DEMOBILIZATION

The employment situation in the various regions and industries has already been discussed. The place of the servicemen in the general picture and their absorption into industry are indicated in the tables which follow. Table 17, showing the monthly rate of actual discharge, indicates the concentrated discharges in December 1918 of men not needed in camps in this country. For subsequent months these statistics of demobilization include all of the men discharged, both those who remained in this country and those returning from Europe. The peak of demobilization came in May. Although the figures in the second column of the table include in some cases arrivals of civilian personnel, Marines, and Navy personnel, their total was so small as not to affect the use of the figures for a study of trends.

TABLE 17.—*Demobilization of the Emergency Army, 1918-19¹*

Month	Men discharged		Month	Men discharged	
	Total number	Returned from abroad		Total number	Returned from abroad
Total discharged.....	3,422,233	1,944,266	1918—Con.		
1918			March.....	306,250	207,676
Prior to November 11.....		20,638	April.....	285,328	276,308
November 11-30.....	44,002	4,563	May.....	437,389	314,099
December.....	621,203	70,055	June.....	394,600	342,785
1919			July.....	346,101	261,908
January.....	332,666	120,399	August.....	204,146	112,458
February.....	307,398	140,896	September.....	77,938	46,663
			October.....	41,242	19,388
			November.....	2,23,970	4,511
			December.....		2,933

¹ Data are from Annual Reports to the Secretary of War.

* Nov. 1-15.

There was a striking but possibly unavoidable concentration of troops arriving at Hoboken, the port for New York City. A review of the arrival of 37 divisions landing between December 9, 1918, and September 5, 1919, shows 27 landing at Hoboken, 7 at Newport News, and one each at Charleston, S. C., Boston, and Philadelphia. Estimating an average of 30,000 men to a division, this means that not less than 800,000 men went into or through the big cities in the New York area. Some of the men were promptly discharged or moved to demobilization camps much further inward. Others, particularly in the early months, were held for several weeks before discharge.

On August 25, 1919, the Chief of Staff ordered the immediate discharge of all men available for discharge unless they could not be spared or replaced. In November, the Commanding General in France was told that the remaining work of demobilization would be turned over to the military attaché in Paris. By the end of 1919, the Emergency Army had been demobilized, but there is no doubt that the process extended over many more months than had been anticipated.

Industrial unemployment reached its peak in March and April of 1919. The weekly report for June 7, 1919, of the Statistics Branch of the General Staff, shows that the proportion of discharged men requesting assistance in obtaining work had ranged from 16 percent for the week ended February 8, to 33 percent for March, and reached a peak of 41 percent for the week ended March 10.

Table 18 shows the ratio of men finding work to those applying for work, during the 5 weeks ended May 31, 1919, for 31 cities of more than 200,000 population. In 3 cities more men were placed than registered, owing to the fact that the Bureaus for finding work kept records of open positions as well as of applicants and frequently placed the men without their registering.

TABLE 18.—Rate of Placements in Selected Cities, 5 Weeks Ended May 31, 1919¹

City	Placements as percent of registrations	City	Placements as percent of registrations
Minneapolis.....	146	Baltimore.....	75
Cincinnati.....	106	Milwaukee.....	73
Buffalo.....	103	Philadelphia.....	72
Oakland.....	96	Newark.....	71
Chicago.....	93	Jersey City.....	70
Toledo.....	93	Seattle.....	70
Washington.....	89	Denver.....	70
Cleveland.....	86	St. Louis.....	69
Columbus.....	83	St. Paul.....	64
Kansas City, Mo.....	83	Louisville.....	58
Portland, Oreg.....	83	Rochester.....	54
Los Angeles.....	81	Indianapolis.....	50
Detroit.....	78	New York.....	47
Providence.....	77	Boston.....	42
San Francisco.....	77	Pittsburgh.....	35
		New Orleans.....	28

¹ Data are from National Archives, Files of Central Bureau of Planning and Statistics, Weekly Statistical Report, Statistics Branch, General Staff, War Department, June 7, 1919.

Throughout the period of helping the ex-service men to find employment, the Employment Service and, later, the War Department had the active cooperation of many private agencies. Thus the difficulty of keeping careful records of registrations and placements was multiplied. However, the War Department collected and reviewed these records and from them made the best possible estimates of the results of this work. They are used here because it is believed that they may prove useful in current attempts to provide for any similar situation at the close of World War II.

The statistics in tables 19 and 20, taken from the registrations and placements as reported by the Provost Marshal General, cover the 13 months from December 1918 through December 1919. As they are based upon reports from 500 cities and towns, the State totals are incomplete. Some States cooperated better than others, and this may account for the low rate of registration in some States; in most cases where the rate is low, however, labor shortages continued for some time after the war. It is probable that the inclusion of hundreds of additional communities would change only slightly the relationship between men registered and men placed.

TABLE 19.—Percent of Servicemen Registered for Jobs in 1919 and Rate of Placement, by States, December 1918—December 27, 1919

Region and State	Total men contributed to armed forces prior to Nov. 1, 1918 ¹	Discharged men registered for jobs ²		Ratio of men placed to men applying
		Estimated number	Registered as percent of State total in services	
United States.....	4,009,129	1,482,384	37	70
New England.....	287,384	192,538	67	64
Maine.....	26,602	21,827	82	81
New Hampshire.....	14,970	4,930	33	90
Vermont.....	11,223	3,752	33	90
Massachusetts.....	157,101	99,757	64	59
Connecticut.....	55,218	42,085	76	60
Rhode Island.....	22,270	20,187	91	64
Middle Atlantic.....	842,216	401,283	48	66
New York.....	410,569	244,957	60	62
New Jersey.....	118,350	51,815	44	74
Pennsylvania.....	313,297	104,511	33	72
South Atlantic.....	464,222	107,940	23	65
Delaware.....	7,935	4,652	58	76
District of Columbia.....	17,945	19,116	107	84
Virginia.....	76,524	16,542	21	81
West Virginia.....	55,895	7,488	13	80
Maryland.....	51,700	21,698	42	78
North Carolina.....	74,705	8,570	12	49
South Carolina.....	84,284	8,427	10	67
Georgia.....	86,973	16,000	18	68
Florida.....	36,211	8,447	23	74
East North Central.....	827,153	269,018	33	74
Illinois.....	272,235	93,503	34	74
Indiana.....	104,973	27,075	26	72
Michigan.....	142,397	59,322	42	74
Ohio.....	205,852	68,892	33	76
Wisconsin.....	101,696	20,226	20	72
West North Central.....	522,455	139,942	27	74
Iowa.....	101,638	20,387	20	58
Kansas.....	66,645	13,995	21	69
Minnesota.....	106,918	21,429	20	86
Missouri.....	140,257	59,022	42	74
Nebraska.....	49,614	18,213	37	88
North Dakota.....	27,253	4,617	17	57
South Dakota.....	30,130	2,279	8	86
East South Central.....	288,405	64,753	23	72
Alabama.....	73,543	18,364	25	84
Kentucky.....	77,983	14,840	19	74
Mississippi.....	56,740	12,557	22	74
Tennessee.....	80,139	18,992	24	59
West South Central.....	395,552	90,933	23	78
Arkansas.....	65,311	28,111	43	79
Louisiana.....	71,271	7,928	11	83
Oklahoma.....	84,909	25,076	30	84
Texas.....	174,061	29,818	17	69
Mountain.....	160,395	59,868	37	75
Arizona.....	11,410	4,969	44	83
Colorado.....	35,751	18,534	48	76
Idaho.....	20,467	2,654	13	79
Montana.....	39,049	17,797	46	79
New Mexico.....	13,586	2,350	17	64
Nevada.....	5,488	892	16	81
Utah.....	19,421	4,541	23	55
Wyoming.....	12,223	8,131	67	73
Pacific.....	221,347	156,109	71	84
California.....	131,484	79,124	60	78
Oregon.....	34,430	36,548	106	94
Washington.....	55,433	40,527	73	87

¹ Second Report of Provost Marshal General, December 20, 1918 (Appendix table 79 A, p. 468).

² War Department, Report of Service and Information Branch, War Plans Division, from November 11, 1918, to December 31, 1919.

The proportion of placements for cities within a State frequently showed considerable variation from the State average. The character of the industries in the surrounding area undoubtedly explains some of this difference; manufacturing, agriculture, mining, and forestry provided employment in varying degrees from place to place and from time to time. Cities which had been almost wholly engaged in the manufacture of munitions had a great deal of civilian unemployment and yet some of them show a high rate of placement for service men. Cities in trading areas differed from cities in manufacturing areas; coastal cities differed from inland cities; small communities, from larger places. Some cities where there was considerable industrial strife varied from the less turbulent cities.

Table 20 shows these variations for selected cities in certain States.

TABLE 20.—Rate of Placement of Discharged Servicemen in 1919, in Selected Cities

State and city	Estimated number of servicemen registered for jobs	Ratio of placements to registrations	State and city	Estimated number of servicemen registered for jobs	Ratio of placements to registrations
<i>New England</i>			<i>South Atlantic—Continued</i>		
Massachusetts.....	99,757	59	South Carolina.....	5,427	67
Boston.....	45,474	58	Charleston.....	2,909	73
New Bedford.....	9,501	68	Columbia.....	2,286	59
Lawrence.....	4,048	54	West Virginia.....	7,488	80
Fall River.....	3,004	66	Wheeling.....	2,663	85
Lynn.....	3,816	41	Charleston.....	1,783	86
Lowell.....	2,726	55	Clarksburg.....	564	54
Worcester.....	1,185	103	<i>East North Central</i>		
Springfield.....	3,650	33	Illinois.....	93,503	74
Connecticut.....	42,085	60	Chicago.....	70,834	67
New Haven.....	4,623	52	Elgin.....	3,238	93
Hartford.....	3,454	62	Rockford.....	2,989	99
Waterbury.....	2,522	68	Joliet.....	2,601	72
Bridgeport.....	4,451	38	Bloomington.....	1,692	49
New Britain.....	2,687	46	Indiana.....	27,075	72
New London.....	1,375	51	Indianapolis.....	12,973	67
<i>Middle Atlantic</i>			Fort Wayne.....	3,694	70
New York.....	244,957	62	East Chicago.....	776	106
New York City.....	161,269	58	South Bend.....	712	86
Brooklyn.....	16,505	75	Hammond.....	520	46
Buffalo.....	18,185	82	Michigan.....	50,322	74
Schenectady.....	3,501	73	Detroit.....	33,888	75
Rochester.....	4,116	52	Grand Rapids.....	3,491	66
Albany.....	2,441	57	Saginaw.....	2,724	74
Utica.....	1,287	41	Ohio.....	68,892	76
Troy.....	2,451	61	Cleveland.....	11,669	67
New Jersey.....	51,815	74	Cincinnati.....	8,941	77
Newark.....	15,448	76	Toledo.....	8,371	78
Jersey City.....	9,807	68	Dayton.....	7,238	84
Patterson.....	6,355	54	Columbus.....	5,173	73
Passaic.....	2,049	76	Akron.....	2,949	81
Camden.....	3,960	64	Youngstown.....	2,759	76
Dover.....	906	100	Canton.....	619	100
Pennsylvania.....	104,511	72	Wisconsin.....	20,226	72
Philadelphia.....	33,948	64	Milwaukee.....	9,203	74
Pittsburgh.....	13,773	49	Racine.....	1,563	80
Scranton.....	5,554	75	Green Bay.....	1,052	54
Bethlehem.....	2,509	97	<i>West North Central</i>		
Allentown.....	1,090	83	Iowa.....	20,387	58
Erie.....	1,644	53	Des Moines.....	7,680	46
Lancaster.....	1,055	66	Davenport.....	2,640	83
<i>South Atlantic</i>			Dubuque.....	2,051	86
North Carolina.....	8,570	49			
Wilmington.....	1,883	76			
Charlotte.....	4,307	28			

TABLE 20.—Rate of Placement of Discharged Servicemen in 1919, in Selected Cities—Continued

State and city	Estimated number of servicemen registered for jobs	Ratio of placements to registrations	State and city	Estimated number of servicemen registered for jobs	Ratio of placements to registrations
<i>West North Central—Con.</i>			<i>West South Central—Con.</i>		
Minnesota.....	21,429	86	Texas.....	29,818	69
Minneapolis.....	6,587	105	Beaumont.....	7,450	58
Duluth.....	2,448	58	Houston.....	4,300	86
St. Cloud.....	1,339	81	Fort Worth.....	3,744	82
Missouri.....	59,022	74	Dallas.....	2,673	86
St. Louis.....	38,324	82	El Paso.....	2,023	71
Kansas City.....	15,261	52	Denison.....	1,181	62
Joplin.....	743	78	<i>Mountain</i>		
Kansas.....	13,995	69	Colorado.....	18,534	76
Kansas City.....	4,948	65	Denver.....	11,555	82
Wichita.....	2,213	56	Pueblo.....	3,500	63
Nebraska.....	18,213	88	<i>Pacific</i>		
Omaha.....	15,153	86	California.....	79,124	78
Lincoln.....	700	93	San Francisco.....	22,793	74
<i>East South Central</i>			Oakland.....	10,762	85
Alabama.....	18,364	84	Los Angeles.....	18,451	81
Birmingham.....	12,356	79	San Diego.....	3,249	89
Mobile.....	5,454	95	Fresno.....	2,342	60
Mississippi.....	12,557	74	Sacramento.....	1,467	73
Jackson.....	5,506	82	Oregon.....	36,458	94
Meridian.....	4,627	63	Portland.....	21,840	96
Tennessee.....	18,992	59	Salem.....	3,640	78
Nashville.....	7,682	61	Washington.....	40,527	87
Memphis.....	6,412	48	Seattle.....	17,401	68
<i>West South Central</i>			Spokane.....	5,595	81
Arkansas.....	28,111	79	Tacoma.....	3,230	126
Little Rock.....	23,503	83	Wenatchee.....	860	97
Texarkana.....	2,800	60			

Highly trained men with technical and professional skills were the most difficult to place. These included officers drawn from civilian life and young men who acquired special skills during their service. Such men with special qualifications included civil and mechanical engineers, accountants, architects, executives, and administrators. Although positions were not readily available for such men during the period of business uncertainty, the War Department gave this matter special attention. Contact was made with business firms, especially those in the neighborhood of the soldiers' homes, and special effort was made to bring together the man and the job. There were more than 25,000 registrations for this type of serviceman, and about 7,800 or slightly more than one-third, obtained employment.

The staff which had functioned under Colonel Woods devoted the latter months of 1919 to meeting the difficult situations which the Provost Marshal General had foreseen when he recommended decentralized demobilization.

ADMINISTRATION OF WAR RISK INSURANCE

In September 1914, the War Risk Insurance Bureau of the Treasury was created. This legislation was amended in October 1917 and greatly extended the benefits available to the servicemen and their families. The chief additions were:

- (a) Pay allotments and family allowances.
- (b) Insurance against death or total disability.
- (c) Compensation for death and disability.
- (d) Rehabilitation and reeducation. (This provision was further extended when the Federal Board for Vocational Education was created under an act approved June 27, 1918.)

The act of October 1917 was effective November 1, giving officials little time to assemble trained personnel, prepare the necessary forms, regulations, and instructions essential to the administration of this act. The United States had made no such provisions during earlier wars. There was no earlier experience to serve as a guide. The result was chaotic. The determination of eligibility for the several benefits was in itself a prodigious task. There was also the problem of Liberty Bonds, of pay in arrears, etc. Decentralization to the States and to the district or local draft boards would have greatly minimized the errors and delays.

At the close of 1919 the War Department's contribution to the demobilization of the soldier was completed. Other agencies continued with their replacement in civil life, and by the end of 1919 there was no necessity for an able-bodied man to be idle. Industry had revived; educational institutions were inviting men to complete their educations; and the feeding of this country and of the devastated areas of Europe stimulated agriculture.

The Chief of Staff in his report to the Secretary of War for 1919 said: "Undoubtedly the country has incurred much expense and has lost many lives on account of the improvisations which were inevitable on account of its lack of preparedness for war, and it is essential that the lessons which have crystallized out of the experience of the War Department as of other great agencies directly concerned in the war be heeded and profited by if this tremendous toll of wealth and of life is not to have been in vain."

Conclusion

America's share (1917-18) in the winning of the first World War was made possible by the efforts of the millions of men and women, industrial workers, and soldiers whose immediate post-war fortunes have been the subject of this discussion.

These individuals had little or no part in shaping the policies which accounted for the confused and sometimes tumultuous events of this brief interlude in their lives. Where policies were sound, where reason prevailed, there was little publicity and men went quietly about their business. Where there was no strong policy, no balanced farsighted program, mistaken judgments frequently led to extreme measures on the part of both workers and their employers.

Had there been a carefully planned post-war production program strongly supported by Government and industry, ready to function when the war ended, some of the post-war unemployment could have

been avoided, and the agitated war psychology would have been more readily replaced by the normal reactions of peacetime. It is doubtful, however, whether any program devised by the most wise and patient of men would have prevented a considerable degree of turmoil as men turned away from the tensions of war to the less exciting routine of the workaday world.

The informed reader will recognize the existence today of situations similar to, if not identical with, those underlying the events of the early months of 1919. The importance of working together now—Government, labor, and industry—to be prepared for the heavy demands of the post-war readjustment is evidenced by this record of undirected demobilization of manpower.