

MASSACHUSETTS COMMITTEE ON
POST-WAR READJUSTMENT

Preliminary Report to Governor Saltonstall

ON

The General Post-War Outlook

AS OF

September, 1942



COMMITTEE ON POST-WAR READJUSTMENT

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MASSACHUSETTS COMMITTEE ON
POST-WAR READJUSTMENT

PRELIMINARY REPORT TO GOVERNOR SALTONSTALL
ON
THE GENERAL POST-WAR OUTLOOK
AS OF
SEPTEMBER, 1942

This report presents the initial findings of the Committee on Post-War Readjustment. In this preliminary report the Committee has undertaken to crystalize some of the major problems of post-war readjustment and to explain the bases on which more specific recommendations will be formulated later.

At this time every effort must, of course, be given to winning the war and nothing must be allowed to interfere with the all-out war effort. This Committee is wholeheartedly and entirely in sympathy with that view. The Committee is convinced furthermore, that thoughtful analysis and free public discussion of the post-war outlook will be helpful to our people during the stress and strain of the conflict. The Committee has found men and women in every quarter concerned with their future after the war has been won; the men in the armed services are wondering what the future holds in store for them when they return to civilian life; many of the workers in our factories are greatly concerned over their future prospects.

The Committee is fully in accord with the statement which Your Excellency made at the time that the Committee was appointed: "Knowledge that careful plans are being laid for the future will have an important bearing on defense work itself because there is nothing like confidence of security for strengthening morale, and thus giving renewed energy for war-time production."

Post-War Outlook for Massachusetts is Optimistic

The Committee on Post-War Readjustment has discovered enough favorable conditions in Massachusetts to enable it to look to the post-war future with optimism. Its investigations to date have uncovered evidence to support the opinion that there probably will be, after the war, both a large reserve of purchasing power and a strong desire to buy goods which have been unavailable because of the war. These two factors—the desire and the ability to buy—will operate to cause employment in the manufacture of goods for which there will be a ready market. In addition to this demand for goods by the people, corporations and governments alike will also have need for products which they have been unable to buy and will thus add to the amount of goods which must be manufactured.

Furthermore, the conversion of Massachusetts industry from peace to war has been much less drastic than in many other locations. Many of the basic industries of Massachusetts have adapted themselves to making war requirements with few changes in their production methods, and sometimes merely by making more of their regular product rather than by scrapping their peace-time facilities and entering upon entirely new production processes. Thus the conversion back to peace-time production from war-time activity will require neither drastic changes in equipment nor a long time. Regular peace-time production can begin within a relatively short time.

Obviously the war is bringing and will continue to bring many changes in Massachusetts. While some of these changes will produce problems of an important nature, other changes will likewise produce solutions to problems. Furthermore, Massachusetts labor, agriculture and industry have many basic characteristics which will serve in good stead in the post-war days just as they do now in the all-out war effort.

Post-War Thinking by State and Local Groups is Sound

The Committee is fully convinced of the soundness of the state government giving thought to post-war problems. America has always recognized the advantages of home rule. Its system of voting stresses the importance of each single vote which when added to other single votes produces a majority. The state and local governments, the home town folk, the local businessman, worker and farmer have always admittedly known more about home problems than a central government. Because of the local nature of many post-war problems and because of the necessity of having sound programs of action at every level of endeavor in the post-war world, thinking by state and local governments, by local organizations, by business men and farmers, by all individual citizens is essential. Unless these groups default in their responsibilities for post-war thinking they can do much to meet the post-war problems and avoid an unnecessary centralization of authority and planning of our every day lives.

Obviously there are some phases of the post-war period which will need control and direction from Washington. Until normal supplies of materials and merchandise are available price controls will probably be necessary. For some scarce commodities rationing or priorities may be necessary for awhile in order to allocate a small supply of goods among the large number of people willing and able to buy them immediately after the war has been won. But the large number of ordinary, everyday decisions of what to make, how much to make, what price to charge, where to sell, and how to sell, should be decided intelligently by the local people. The Massachusetts Committee on Post-War Readjustment sees that one of its most important jobs is to do whatever it can to help these local people make decisions which, one by one, will add up to a sound state and national prosperity.

A Post-War Plan of Action is Essential

In the light of the optimistic signs in Massachusetts and the conviction that post-war thinking by the state government is important, the Committee on Post-War Readjustment considers that its primary obligation is to formulate a plan of action which will help Massachusetts use to the fullest extent her natural and human resources in the post-war period. A plan of action is essential. Yet at this date no one plan can be formulated, but a nucleus of several plans, only one of which will probably be ultimately useful, must be prepared.

Consideration of more than one plan of action is currently necessary for several reasons. No one knows when the war will end. The Committee on Post-War Readjustment, if it is to take its responsibilities seriously, can overlook the possibilities of neither an early peace nor a very long war, and must be prepared each day to act quickly and wisely whenever the occasion arises. Peace may come early or peace may come late; peace may come suddenly, or with long advance notice; peace may be complete or partial at any one time. But the uncertainty of the date when a plan of post-war action will be needed is no excuse for the lack of a plan.

The Post-War Period is not One but Consists of Several Stages

One post-war plan of action is not sufficient, not only because the time of the beginning of the post-war period is uncertain, but even more important because the post-war period, whenever it begins, will not be one homogeneous period, but will consist of several stages, each with its own peculiar characteristics and individual problems. A sound plan of action should be adapted to the stage in which the plan is to be applied.

Furthermore, the post-war period not only consists of various stages but the length of time each of these stages will last is different for different industries. Thus, for example, the post-war pattern of the textile industry will be different from the pattern of the machine tool industry, and the pattern for the agricultural industry will not be the same as for the fishing industry. The sum total of all industries, of course, constitutes the composite picture for the state or nation as a whole, and a proper understanding of

the probable sequence of events in each industry, in each state, and in the nation as a whole will provide a sound background for sound planning.

The Early Post-War Period

In the early post-war period there are two stages which together will bring the most serious problems of readjustment. They may be called the "Switchback Stage" and the "Go-Ahead Stage."

Switchback Stage. America is typically a peace-loving nation, and as soon as it wins a war it wants to forget it and get back to every-day living as quickly as possible; to stop fighting and to start enjoying life again; to get out of uniform and into civies. Furthermore the men in uniform are men with homes, wives, children, and sweethearts, and will be anxious to get home as soon as possible.

The first post-war stage, therefore, has to do with the important problem of demobilizing quickly as many men as can reasonably be spared from the military machine. This type of demobilization—the immediate switchback from war to peace—may last from between six to twelve months for industry generally, and will be a time when many changes occur with unusual rapidity.

At its beginning, the conditions of the switchback stage will exist similarly in all industries. After an armistice there will be a few days of celebration, during which no one will be thinking. Then, after the brief letdown from the tenseness of war conditions, conscious effort to return from war to peace will be made. During this stage, the soldiers will be coming back home; some war-time contracts may be cancelled and some plants may close; women will return to the home; overtime will be eliminated; there will be much shifting around; everything and everybody will be moving at a feverish pace; and the speed of happenings will be startling.

But soon some industries can begin peace-time production. There will be many opportunities for employment as companies make the switch from war to peace; they will need salesmen, toolmakers, repairmen, laborers and many workers with diverse skills. If industry generally hesitates to make the switch, we will have unemployment; if it proceeds, however, to meet the nation's accumulated demands, we will have employment and prosperity. The speed with which an individual company or industry can pass through the switchback period is dependent to a large extent upon the previous thought which it has given to preparing plans. And since it is highly desirable to have the switchback period as short as possible, previous plans must be made.

For several obvious reasons demobilization cannot and for still further reasons probably ought not to be fully accomplished immediately. The mere size of the job of demobilizing men and industry is so great that it cannot be done without some delay. An entire army of six or eight or ten million men cannot be transferred back to their homes immediately, any more than it was possible to get them into the army at a moment's notice. Furthermore it seems to be the consensus that the world military situation will probably be such that America will not be able to demobilize its fighting force completely. The exact size and extent of the basic military organization is, of course, unpredictable but undoubtedly it will be larger and remain in existence longer than after the last war. Such a protective military machine will need equipment and as a result certain types of war production may be expected to be continued.

Finally the federal government has learned much about the operation of our social and economic system since the last war, and quite apart from the military requirements probably will demobilize more systematically than after the last war. In all likelihood, for example, all war orders will not be immediately cancelled; ships on the ways will be completed, not scrapped as before; airplanes on order will be built; and many war contracts will either be allowed to go to completion or be terminated in an orderly fashion.

These tendencies toward a systematic demobilization will help make the problems of the nation and of Massachusetts less severe and will allow us to enter the second stage more quickly.

Go-Ahead Stage. After the first shock of the reversal in the drive to attain all-out war production and after the large and immediate demobilization of both men and industry, the nation will settle down to a slower pace while demobilizing its war effort more thoroughly. During this stage it might be expected that the war effort will be pared down to a basic minimum to be determined by world conditions. While it is folly to hope that the effect of any war can be completely eliminated from the post-war period, the nation during this stage will be adjusting itself to the new peace-time conditions, consciously trying to erase the war-time maladjustments. The major task of adjusting to peace-time conditions may be thought of as taking three or four years.

During this stage we can picture many industries having gone through the switchback stage and approaching their own peace-time levels of activity. Most effort will be concentrated on producing goods which the country has done without during the war. It may well be that during this time the people will be buying models of automobiles, radios, and refrigerators, quite similar to those of 1942, as companies strive to meet the pent-up demand as soon as possible. During this stage too, companies and industries must be giving thought and research to the products which will be produced after the pent-up demands which accumulated during the war period have been met. The new and unusual products are probably to be reserved for the stages following the go-ahead stage.

The Later Post-War Period

Following the switchback and the go-ahead stages the nation should have attained new peace-time living, production, thinking, and habits of life. While this third stage should hardly be called *normal* because our pre-war concept of what is normal probably will be drastically changed, it should be characterized by some sort of economic equilibrium. If the first two stages are handled properly we should reach a period of prosperity and employment. It is this stage that most people seem to be thinking about when they mention post-war. It is this stage that will give us the new automobiles, the new radios, the new airplanes and perhaps many other products not yet dreamed about. The real problems of "readjustment"—the immediate and primary concern of this Committee—are, however, in the earlier stages of the post-war period. If the readjustments are made orderly, as they can be, by advance planning of a sound nature, the period of prosperity will arrive sooner and last longer.

These latter stages of the post-war period should never be thought of as bringing an unchanging set of conditions. Progress demands changes, and it is unthinkable that the ideal post-war period should be one without progress. We should expect, therefore, that even though we are enjoying a period of prosperity and employment some industries may be depressed probably as products of new industries arise to replace the old; as for example, the radio industry depressed the piano industry, the automobile depressed the production of buggies, and the mechanical refrigerator hurt the manufacture of ice. The later post-war period should be thought of as a dynamic not a static picture allowing for progress which inevitably means change.

Everyone Should Think Now of Their Post-War Problems

Just as it is sound for the state government to think of post-war problems, so also it is not only sound but even essential that individual business men, farmers and citizens in all walks of life think of their own post-war problems. Sound plans for many phases of post-war action can be more effectively made within a single industry than for the nation or state as a whole. For example, in any one industry the switchback period may be short, while in another it might be quite long. The textile industry, for instance, should be able to offer employment by resuming quite normal peace-time production soon after the war, provided only that it has sufficient working capital, and has materials and has designs ready so that it knows what it is going to produce. What designs the textile industry will produce in the post-war period is essentially a problem for the textile

industry to meet. It can meet that problem when it arises by planning now. The better the industry plans now, the shorter will be the switchback period for the textile industry. Thus, by planning the industry can also contribute to shortening the switchback period for the state and nation as a whole. The same thing is true of the shoe industry, of fishing and agriculture, and of the other industries of Massachusetts. Some industries may have to spend more time than others in switching their production from war products to peace products, but it is universally true that pre-planning in any industry can shorten its switchback time and thereby help make the state or national switchback more orderly.

Thus, it behooves every citizen and especially every business man, upon whom rests much of the responsibility for reemploying the men and women engaged in the war effort, to foresee as well as possible the probable sequence of events,—the various post-war stages—within his own business and within his own industry, so that he will be prepared to act intelligently when the time comes. If this is done in Massachusetts and elsewhere and if the actions of the federal government are conducive to confidence, both Massachusetts and the nation can quickly pass to the later post-war stages of employment and prosperity.

Knowledge of Current Conditions is Basis of a Sound Post-War Plan of Action

In view of the aim to formulate a program of action and to have that program ready when and whenever it is needed the work of the Committee on Post-War Readjustment to date has consisted in studying the pre-war and war-time conditions in Massachusetts so that sufficient knowledge will be available upon which to base a sound program of post-war action. An outline of some parts of this program follows:

1. *War-Time Employment.* Employment is obviously the key to the post-war period. Unemployment was the curse of the 1930's, and unemployment in the post-war period is most feared by the people. A nation at work is for the most part a nation of satisfied people. Even though most individuals naturally desire a good or a better job, if they have some job they are able to be independent and self-respecting citizens. Therefore, if after the war everyone who wants to work can find a job, the post-war problems will be largely solved.

In view of this importance of employment the Committee is currently making a study of the people of Massachusetts showing where they were and what they were doing before the war and where they are and what they are doing now. We will know by geographic location and by industry where people are and what they are doing when the post-war period begins, and it is hoped we will be able to develop some plan to help these people now engaged in all-out war to get employment in an all-out peace-time prosperity.

Through the cooperation of Mr. Robert E. Marshall, a member of the Post-War Readjustment Committee, and Director of Employment Security for the Commonwealth of Massachusetts, and of Mr. Powell Cabot, Director of the United States Employment Service of Massachusetts, the study of employment for the Committee is being made by the United States Employment Service for Massachusetts and the Massachusetts Division of Employment Security.

2. *Post-War Jobs.* The above study of employment should tell us the manpower available for work including both where they are, and what they can do. The other side of the picture is: "where can they find those things to do?" The war is tapping manpower and womanpower wherever it is available. When the war effort is demobilized there are several places where these people can go as follows:

- (a) Into private employment furnished by private enterprise including, of course, all types of activity such as farming, manufacturing, the so-called white collar jobs, sales work and all sorts of services such as rendered by doctors, lawyers, beauticians, laundries and amusements.

- (b) Into employment furnished by normal public works on projects of a useful nature rendering the services usually borne by government, such as schools, roads, public health, and parks and financed largely within the normal budget. Many projects which have been deferred because of the war can be concentrated in the early post-war period and thus furnish more employment than in the later post-war stages. Much of the employment might ultimately be given by employers in private enterprise as, for example, private contractors construct public projects such as schools and roads.

It is the aim of the Committee to have as many people as possible go into private employment and public employment of a normal character. Under the American system of production these two groups constitute the sum total of our national activities.

- (c) Into employment furnished by emergency public works on projects being carried on primarily to create employment and financed almost exclusively by federal funds and probably accompanied by large federal deficits.

It is hoped, that if private enterprise and normal public works reemploy people fast enough the need for emergency public works will be very small or completely non-existent.

These three, private enterprise, normal public works, and emergency public works constitute the sources of employment. Some people demobilized from the war effort may, however, go into other fields as follows:

- (d) Into the ranks of unemployed.

Unemployment will not be tolerated either by the people themselves or by any of their governments either municipal, state, or federal. Consequently those who want to work must be able to find jobs in one of the three sources outlined above.

- (e) Into the home.

The war has taken and will continue to take more people from the home. Women normally engaged in housework are bearing a large portion of the burden of production. For the preservation of the family it will be desirable that many of these people return to the home. Some will want to return quite naturally while others might like to continue to have the earnings and perhaps the excitement that goes with a job.

- (f) Into school.

- (g) Into a group of retired persons or others who are either unable or unwilling to work or who do not need to work under normal conditions.

School and retirement may be able to absorb a considerable number of people demobilized from an all-out war effort.

3. *Post-War Demand for Goods.* Unless production is to be ordered by government, employment will be created by private enterprise only as there appears to be a demand for its products. Real demand requires a need, and both the ability and the willingness to buy. For this reason the Committee is undertaking two other studies.

A. *The Probable Demand for Goods.* It is commonly understood that people are currently unable to buy many of the goods to which they were accustomed such as automobiles, washing machines, radios, and some items of food and clothing. The Committee proposes to have some quantitative estimates of the number of these and other articles which the consuming public might want to buy as soon as the articles can be made available.

Of equal and perhaps of greater importance is a demand for goods being built up in the industrial sector. Corporations and even government units during the war are unable to purchase the goods which they normally purchase.

and are unable to make the repairs and carry on normal construction which they do during peace-time. The interrupted maintenance programs of public utilities, for example, probably will be renewed. There exists, therefore, a backlog of demand for industrial goods which offers great possibility for post-war employment. The Committee is currently making a study of the size and amount of such backlog and has found, for example, even among small and medium sized companies a willingness to spend several million dollars for repairs, maintenance and modernization of their facilities after the war has been won.

B. *The Ability to Buy Goods.* For demand to become effective it is not only necessary that people or industry want to buy things but also that they be financially able to buy them. For this reason the Committee is studying the probable backlog of purchasing power both in the hands of the individual consumer and industrial corporations. The post-war purchasing power of the general public will take two forms: first, the savings which will have accumulated during the war, probably for the most part in war bonds; secondly, an accumulation of unused consumer credit, because while the public is unable to buy automobiles and washing machines, it is paying off its old debts for these commodities. Consequently we should find ourselves, after the war, with a very low level of consumer credit outstanding plus an enormous and well organized machinery for granting consumer credit.

Industrial companies too, must be in a position to finance purchases after the war, either out of accumulated reserves or out of credit. Preliminary studies indicate that it might be well for the federal government to consider the post-war financial position of corporations in its war-time taxing programs so that all corporate financial reserves will not be exhausted.

Corporations like individuals can also operate on credit if they do not happen to have the cash reserves after the war has been completed. Under our system of private enterprise, however, corporate management has been reluctant to operate on credit or even spend accumulated reserves if there was not a fair possibility of avoiding loss on the transaction. For this reason the ability of the private enterprise group to furnish employment will depend to a large extent upon the confidence that business management has in its ability to make and sell goods without loss. It is significant in this respect that if a portion of the post-war planning produces favorable results the whole system of private enterprise and private production probably will be well on the way to furnishing complete employment because of the accumulating effect of confidence.

4. *Other Employment-Giving Activities.* The Committee is also exploring other specific employment-giving projects. Some of these are

A. *Housing.* Among the post-war possibilities for employment, one of the most prominent is the need for housing which will exist after the war. A study is being made to reveal the number and type of obsolete houses, the size of the building shortage, as well as financial ability to start a construction program.

Through the co-operation of Miss Elisabeth Herlihy, a member of the Committee on Post-War Readjustment, and Chairman of the State Planning Board, the State Planning Board is supervising the study of housing.

B. *Public Works.* Somewhat similar to housing is the consideration of public works, both normal and emergency. It seems to be generally agreed that one of the failures of the emergency public employment programs in earlier days was a lack of previously prepared plans which would allow specific projects to give employment quickly. Both the normal public works and emergency

public works, therefore, if they are to be successful in furnishing employment in the early post-war period should be based upon plans advanced to such a stage that the employment can begin immediately. For this reason the Committee on Post-War Readjustment urges that all levels of government but particularly the Commonwealth of Massachusetts, and its cities and towns prepare well-developed programs of their needs and financial ability so that projects most needed by and best suited to the financial status of the particular government can be determined. Both the physical plans, so that actual work can be done immediately, and the financial plans should be prepared in advance for those projects selected on the basis of relative merit.

The Commonwealth and several municipalities in Massachusetts have already done much work of this nature and have fully proved its value. The Committee on Post-War Readjustment hopes that the programs already under way will be continued and that others will be begun so that the employment-giving possibilities of public works may be effectively used in the post-war period.

The Committee has already released a Memorandum, "Reconstruction of Devastated Areas" suggesting executive and legislative action which might be taken to help the Commonwealth and its cities and towns acquire land that may be devastated by enemy attack and which is needed for public improvements. The program is intended to expedite reconstruction as soon as conditions permit, but also to enable the Commonwealth and its cities and towns to take such devastated land as is needed for public purposes such as arterial traffic routes, street widenings and parks.

C. Agriculture. The importance of the agricultural industry in Massachusetts demands that it receive special study both as to its employment-giving possibilities and its conversion to peace-time activities. The Committee has made arrangements with the Massachusetts State College at Amherst to direct its study of agriculture. The College already has a Committee considering post-war agricultural problems, and has an organization which will simplify the gathering of information of an agricultural nature.

Machinery for Getting Men and Jobs Together Will be Essential

The emphasis which the Committee believes must be put upon post-war employment reveals that it will be essential in the post-war period to have some agency that will be able to get men and jobs together. Perhaps some existing agency will be able to perform this function, but if not, new or at least supplementary agencies must be formed. But it is essential that both business and government concern themselves with the perfecting of machinery able to get men and jobs together.

Bold Action and Courageous Thinking Will be Required

Anyone looking toward the post-war period with the idea that America shall continue to exist in the American way of life should realize that there will be no workable panaceas for all-inclusive plans for a perfect world. The Committee would like to stress the fact that any success it might attain in helping to produce a better post-war world will be effected only by a large number of little things done well. If each individual employer will do his part in putting people back to work on peace-time production the sum total of such reemployment will be the answer to the nation's post-war problems. The Committee's primary purpose is to aid employers accomplish this end.

Many of the facts upon which the Committee is working have been given to it in confidence and may not be made public while the war is in progress. The use of the facts which will be at the disposal of the Committee and every citizen after the war, however, will require bold action. The post-war world will demand that everyone do

courageous thinking in new terms and in new surroundings, because war produces many changes and brings in a few years evolutions which otherwise take decades.

We must not think of the past, but of the future; we must construct, not reconstruct.

Respectfully submitted,

MELVIN T. COPELAND,
Chairman

JAMES W. CULLITON,
Director

