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CIVILIAN WAR AGENCIES IN WORLD WAR II: ACTUAL VERSUS PLANNED

12 September 1946

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Students

Dr. Kenny

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I. Introduction:

The topic today: "Civilian War Agencies," at first glance, appeared to me to lead into an impossible maze from which there was neither retreat nor exit. I recall the experience of visiting a maze of hedge; the contrasts, however, were that the paths in the maze were planned and that a tower had been constructed at one side from which the observer might get a bird's eye view and, if necessary, direct a lost soul to the exit. I am sure that there are others more capable than I of such direction. As a matter of fact, I have relied greatly for many of the facts, and some of the conclusions, upon a study made during the last school term by a very capable student committee in the College and an, as yet, unpublished historical report prepared in the Bureau of the Budget.

It seems to me that a study of the Civilian War Agencies is important for two principal reasons other than the purely historical. First, such a study should provide the basis for more effective planning for industrial mobilization than existed prior to the last war. In other words, we should know far in advance of a future emergency just what agencies will be needed, how their respective fields of jurisdiction are to be defined, from where their staffs might be recruited, what legislation is necessary, and so on. But equally important, and more often lost sight of, is the fact that this study should develop the bases: (1) for estimating the necessity for a peace-time top level security agency and (2) the procedures and agencies by and through which such security measures as are determined necessary may be implemented during peace years.

II. The Planning Period:

The period of planning for industrial mobilization, involving planning for new war agencies and for reconversion of regular establishments in whole or in part to war agencies, began soon after World War I and culminated in the Industrial Mobilization Plan, Revision of 1939, of the War and the Navy Departments. Thereafter, the purely planning period, in a long range sense, ended with the advent of the war in Europe and a period of improvisation began. Dr. Hunter, in his lecture last Monday on "Mobilization Planning for World War II," has provided you with an excellent analysis of these periods. I shall attempt only to point out what seem to me to be the significant facts relating to the structure of war agencies as it finally came to exist and the significant developments as a guide to future planning.

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It has been too easy to assert that planning and implementation of such planning, in the form of policy and administrative bodies, proceeded all too slowly in the light of actual events beginning as far back as the Japanese excursion into Manchuria in 1931. It has been just as easy to justify this lethargy on the grounds that public opinion did not permit more rapid progress. I believe an examination of the facts will reveal a far greater degree of planning and, far more important, implementation of such planning than is generally recognized. At the same time, in retrospect, we are convinced that much more could have been accomplished.

A. The Planners:

I suspect that an examination today of the student body of this College on the question: "Who were the planners for industrial mobilization?" would result in the answers: "The War Department" or "The military services" and, possibly in addition, "The Executive Office of the President." These answers would be correct but, to my mind, incomplete. Let me call your attention to a few examples:

1. By the Merchant Marine Act of 1936, by which the United States Maritime Commission was created, the policy was stated "It is necessary for the national defense and development of its foreign and domestic commerce that the United States shall have a merchant marine ... (b) capable of serving as a naval and military auxiliary in time of war or national emergency,"

2. The Tennessee Valley Authority was created by Congress in 1933. The statute directs this corporation to take custody of the Wilson Dam and appurtenant plants at Muscle Shoals and to operate them in the interests of national defense and for the development of new types of fertilizers for use in agricultural programs.

3. The Transportation Act of 1940 directed the Interstate Commerce Commission to administer the transportation facilities of the nation to the end of developing, coordinating, and preserving a national transportation system by water, highway, and rail, as well as by other means, adequate to meet the needs of the commerce of the United States, of the Postal Service, and of the national defense.

The above examples will suffice to illustrate the point that in certain fields planning for a national emergency had the specific sanction of Congress and, to varying degrees, was being implemented during peace years by non-military agencies.

I believe that I am justified, at this point, in making the recommendation that a comprehensive study of the statutory authority granted to the old-line civilian agencies relative to national security would be of considerable value to the College.

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B. The Plans:

Dr. Hunter pointed out last Monday that the key emergency civilian war agency contemplated by the Industrial Mobilization Plan was the War Resources Administration. Other major coordinating agencies were recommended as follows:

- Public Relations Administration
- War Finance Administration
- War Trade Administration
- War Labor Administration
- Price Control Authority
- Selective Service Administration

An advisory council to the Administrator of War Resources provided for top-level coordination since the plans called for representation on this advisory council, not only by the heads of the agencies listed above, but also from the State, War, and Navy Departments.

C. Civilian War Agencies Prior to Outbreak of the European War in September 1939:

Prior to the outbreak of the war in Europe in September 1939, no civilian war or defense agency had been created, nor had any regular civilian federal establishment reoriented itself with emphasis on defense or security activities. As Dr. Hunter stated, a War Resources Board was appointed in August by the Assistant Secretary of War but its work ended with a report to the President a few months later on the Industrial Mobilization Plan.

D. Civilian War Agencies from 1939 to Pearl Harbor:

The period from September 1939 to Pearl Harbor witnessed a very considerable evolution in the establishment of civilian war agencies. In December 1939 an Interdepartmental Committee for Coordination of Foreign and Domestic Military Purchases was created under the chairmanship of the Secretary of the Treasury. In May 1940 the President activated the Office for Emergency Management in the Executive Office. The reestablishment of the Advisory Commission to the Council of National Defense followed shortly. Changes followed thick and fast. Just prior to Pearl Harbor we find two major agencies--Office of Production Management and Office of Price Administration--actively functioning. A host of other civilian war agencies, established under the Office of Emergency Management, included the Office of Lend-Lease Administration, Office of Civilian Defense, a Division of Transportation and one of Defense Housing. The Supply, Priorities and Allocations Board had also been created to resolve the problems of allocations of commodities to the various claimants - civilian, military, and foreign.

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Outside of the structure which derived its legal authority from the Office of Emergency Management, were the Petroleum Coordinator for National Defense, the Economic Defense Board, and the Office of Agricultural Defense Relations in the Department of Agriculture.

There is no point in pursuing this description further. The major areas of the economy, which appeared to require controls in time of war, had been taken care of in one form or another. Time was to reveal the necessity for a redefinition of, and increase in, authority and for more formal organizational procedures in many of these areas; possibly of more importance, it was to reveal the necessity for procedures by which a higher degree of policy coordination among these areas might be achieved.

III. Civilian War Agencies in 1945:

Let us take a long jump forward from late 1941 into 1945 to observe the final stages of war-time organization.

A. Coordinating Agencies:

Two active policy coordinating agencies had been established by 1945--The Office of War Mobilization and Reconversion and The Office of Economic Stabilization.

B. Principal Civilian War Agencies:

In addition to the coordinating agencies there were at least 20 so-called emergency civilian war agencies such as the War Production Board. There were a number of civilian joint boards and committees operating in the international field--for example, the Combined Food Board. Furthermore, there were a number of war agencies tied in by various devices with old-line agencies. An example is the War Food Administration in its relation to the Department of Agriculture. Most other regular establishments, in varying degrees, were engaged in war activities and, often, had activated certain offices to better carry on this work. Thus we find a War Finance Division in the Treasury Department, and a War Division in Department of Justice. Most of the activities of some of the regular independent agencies, such as the Federal Loan Agency, were directly devoted to war purposes.

C. Areas of Operation:

I need not attempt to classify the various civilian war agencies relative to the respective areas over which they had jurisdiction and in which they operated. Some of them were major policy forming agencies as well as operating organizations. Others merely carried out general policies determined elsewhere.

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I again call your attention to the report of the very capable student committee last term entitled "Organization for Industrial Mobilization." In it you will find a classification scheme developed. Quite obviously certain of the war agencies fall into more than one of the classes. The classes are:

1. Facilities and materials. Example: War Production Board.
2. Finance and price control. Examples: Office of Price Administration and Treasury Department.
3. Fuel, power, and transportation. Examples: Petroleum Administration for War, Solid Fuels Administration for War, Office of War Utilities of War Production Board, Office of Defense Transportation, and War Shipping Administration.
4. Manpower. Example: War Manpower Commission.
5. Public welfare, strategic intelligence, and national security. Examples: Office of War Information, National Housing Agency, and Office of Censorship.
6. Coordinating agencies:

The coordinating agencies were: The Office of War Mobilization and Reconversion, and The Office of Economic Stabilization. It seems to be generally agreed, at present at least, that these offices were far more effective in settling day to day disputes among other agencies than in the determination of over-all policy.

D. Contrast with Planned Agencies:

Certain comparisons and contrasts between the civilian war agencies as planned, and those actually established, have been made in previous lectures. Colonel Neis touched on this point yesterday. Roughly and generally speaking, and neglecting many agencies which we find in 1945, the contrast is as follows:

<u>1939 Plan</u>	<u>1945</u>
War Resources Administration	War Production Board War Food Administration and others
Public Relations Administration	Office of War Information
War Finance Administration	War Finance Division of the Treasury Department Federal Reserve Board

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War Trade Administration	Foreign Economic Administration
War Labor Administration	War Manpower Commission
Price Control Authority	Office of Price Administration
Selective Service Administration	Selective Service System

I cannot exhaustively explore, nor analyze, most of the points of similarity and difference between the structure as planned in 1939 and as it actually existed in 1945. I believe that the principal point of difference lies in the diffusion of the functions of the War Resources Administration in its proposed broad jurisdiction over industry, including transportation. Thus we have in 1945 not only a War Production Board but also agencies such as the War Food Administration, Office of Defense Transportation, and so on. Another point of contrast, which is of interest, was the creation of a number of agencies and boards to coordinate United States policies and operations with those of our allies. This problem had received little or no attention in the Industrial Mobilization Plan.

IV. Significant Characteristics of Civilian War Agencies:

Certain characteristics of the civilian war agencies as they finally evolved prior to V-J Day are of significance to this study. Some of them represent the culmination of noisy skirmishes and even full-fledged battles among high officials, to say nothing of conflicts in opinion between the Executive and Congress. In many of these instances, opinion had pretty well crystallized as the result of experience in World War I. I can mention only a few:

A. Functional versus Commodity Organization:

The civilian war agencies in 1945 present a curious, and often conflicting, picture from the point of view of the functional versus the commodity type of organization. In the present connection I am using the term "commodity" to cover services such as transportation, end products, as well as materials and semi-manufactures.

In the hierarchy of war agencies we observe that the Industrial Mobilization Plan called for a War Resources Administration, which was to have jurisdiction over all industries, including transportation and the service industries. In 1945 we find the War Production Board with broad jurisdiction; and in addition thereto a War Food Administration, a Petroleum Administration, an Office of Defense Transportation, and so on. To varying degrees the War Production Board had control of the policies which these other agencies carried out. This end product, as I have

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indicated, was often the result of sub rosa duels and even public battles. Mr. Ickes, for example, attempted to make the Petroleum Administration autonomous and this effort met the violent opposition of Mr. Nelson.

Frequently, Congress entered the lists and I suppose that the great autonomy of the War Food Administration was one result. Many other illustrations are available, such as the losing fight for a "Rubber Czar" independent of the War Production Board.

You may remember that the significant organizational feature of the War Industries Board of World War I was its commodity divisions. To some extent, the same principle was observed in the War Production Board. However, as Colonel Neis pointed out yesterday, the predecessor of the Board, the Office of Production Management, was first organized more along functional lines, with such principal divisions as Production, Purchases, and Priorities. This is an over-simplified picture, of course, because there were certain staff divisions in the War Production Board responsible for the formulation of policy in the functional fields. Nevertheless, the operations of the Board were, to a great extent, made effective through the commodity divisions.

B. Relation to Old-Line Agencies:

The second general characteristic of the civilian war agencies in 1945, which we may briefly explore, is their relation to the old-line government departments and independent agencies.

Mr. Baruch, in his report of the War Industries Board in 1919, recommended a peace-time skeleton organization for war in which the regular interested agencies would participate. The Industrial Mobilization Plan of 1939 stated that: "Since the functions to be accomplished are new and temporary, entirely new and separate agencies, directly responsible to the President, should be created for industrial mobilization in time of a major war." This generalization was deviated from in a few instances, as in the control over finance, in the more detailed plans.

In effect in 1945, the civilian war agencies were both fish and fowl and, also, neither one but many kinds of hybrids. Some of the agencies, for example the War Production Board, were new emergency agencies with no organizational relation to regular establishments. Others, which I would classify as war agencies, were new offices of old-line departments or old offices with new names. Still others were staffed largely from regular agencies but a secretary, or a member of a commission, was given the title of administrator and performed in a dual capacity. Then there was a residue of agencies which were compensated for carrying out certain activities for the purely war agencies. In addition, although not falling in any of the above categories, offices of old-line agencies were found often to have reoriented their activities in the light of what they thought was the war interest.

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C. Relations with the Civilian Economy:

Another characteristic of the war agencies, worthy of attention, is that of their relation to the civilian economy .

As essential feature in the organization and operations of the War Industries Board in World War I was the War Service Committees drawn from industry. This feature was incorporated in the Industrial Mobilization Plan. During the years of peace, as recommended by Mr. Baruch and followed through in some degree by the Army and Navy Munitions Board, a system of industry advisory committees came into being. The major war agencies in World War II also observed this principle. We find evidence of it in the War Production Board and in the Office of Price Administration.

In other fields too numerous to mention, there was direct participation by civilians, as individuals, in the activities of the war agencies. The Office of Civilian Defense and the Treasury Department depended greatly upon such unpaid aid.

D. Relations with Military Agencies:

A fourth characteristic, which I wish to bring out, is the relation of the civilian war agencies to the military services. If we are to form final conclusions from Mr. Nelson's recent book: "Arsenal of Democracy," these relations, as they may be typified by those between the War Department and the War Production Board, were anything but ideal.

The Navy has my admiration for the excellence of its public relations.

The relationships were provided for by various procedures depending, undoubtedly, upon the degree of direct military interest in the area in which the civilian agency operated. For example, the members of the War Production Board at V-J Day included: the Secretaries of War and Navy, together with the top officials of 8 war agencies. The Chairman of the Board, then Mr. Krug, had final authority. In contrast, the Economic Stabilization Board contained no military representation. There were liaison officers designated from the Army and Navy to many of the civilian war agencies and, in the case of the War Production Board, officers from the Services were located in the industry divisions in order to achieve better coordination in day-to-day operations. In some cases, military personnel were loaned to head up certain offices in otherwise purely civilian agencies; in others, top-flight officials were inactive or retired officers.

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E. Relations with Our Allies:

A final characteristic of the civilian war agencies, to which I wish to call attention, is the procedures by which coordination was obtained with allied nations. The obvious agencies through which such relations flowed were: the Foreign Economic Administration and, in the Latin American area, the Office of Coordinator of Inter-American Affairs. Many other agencies were concerned in one way or another with particular activities in which allied countries had an interest.

In addition to this structure, we find a number of combined boards usually with membership from the United States and Great Britain or Canada or all three. Among these may be mentioned the Combined Production and Resources Board and the Material Coordinating Committee.

V. Problems for Consideration Relative to Future Organization for War:

Rather than draw a series of conclusions flowing from this sketchy review of the civilian war agencies, and a series of recommendations based upon these conclusions, I will conclude this talk by raising certain questions which, I believe, are relevant to the general problem of the future organization for industrial mobilization. I may say here that the term "industrial mobilization" appears to me to be inadequate and I would suggest "national security" instead. You may, if you wish, modify "security" by the word "economic" in order to confine the problem more closely to the civilian aspects of security. This suggestion is made not only to give greater preciseness but also with political considerations in mind.

A. A National Security Agency:

The first question that I wish to raise is this: Should a top-level national security agency be established during peace years?

On this question it may be pointed out that no such agency existed between World War I and the outbreak of war in Europe in 1939, despite the recommendation of Mr. Baruch in 1919. The nearest approach to such an agency was the Council of National Defense created by act of Congress in 1916 and composed of the Secretaries of War, Navy, Interior, Agriculture, Commerce, and Labor. So far as I am aware, the Council was wholly inactive during this period. The statutory authority given to the Assistant Secretary of War by the National Defense Act of 1920 to prepare plans for industrial mobilization may have had some bearing upon this inactivity.

Another point to be considered here is that some regular executive establishments and independent agencies have statutory authority for certain security or defense activities; in connection with many other

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possible activities directed toward this end, no additional congressional authority would be needed. For example, I have heard the suggestion recently that the Forest Service of the Department of Agriculture, under its present powers, might give emphasis to the preservation and growth of certain species of trees in the National Forests, the wood from which, in the event of another war, might otherwise be critically short.

Undoubtedly, you will have the opportunity to closely study some of the recent proposals for a high-level security agency; among them the proposal made by Mr. Eberstadt.

B. Form and Functions of a National Security Agency:

The second question which we might ask ourselves, after looking backward, is this: If a national security agency is desired in time of peace, what form should it take?

This general question leads to subsidiary questions as follows:

Should such an agency be of the committee type as was the Council of National Defense, and, therefore, presumably purely advisory?

Or should it have a single top-flight administrator, perhaps in the Executive Office of the President, with possibly an advisory council of representatives from interested agencies?

If the latter, should the agency be purely advisory to the President and, possibly to Congress as well, or should it have certain well defined supervisory or operating functions?

Would it be advisable for such an agency to include representation from the legislative branch of the Government as well as from the Executive?

How about the problem of coordination of security programs and plans through this agency with certain friendly foreign governments such as the United Kingdom?

The correct solutions to the foregoing questions, it seems to me, will determine in large measure the effectiveness of such an agency in time of peace. I hardly need to point out that, while political considerations may be ignored by us in arriving at our answers, they are of paramount importance.

Let me give an example of a problem involving security: The representatives of the military services to the Interdepartmental Trade Agreements Committee advocated an early negotiation of a trade agreement with Chile during which it would be desirable to consider the reduction in our high import tax on copper, the supply of this essential mineral from United States reserves of high grade ore being none too favorable.

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This Committee, by a small majority, and the State Department upheld this position. Suppose that this had not been the outcome, it is conceivable that the War and Navy Departments might have desired to appeal the case to the National Security Agency, had such an organization been in existence.

C. Conversion of Regular Agencies to War Agencies:

The third question I wish to raise is this: What action, if any, should be taken in peace time relative to plans for conversion of old-line agencies to war agencies?

Obviously, any answer to this question is dependent in part upon how my first two questions are answered. It does not necessarily follow, however, that such plans cannot be intelligently made, and to the necessary extent, implemented in the absence of an effective national security agency. The Bureau of the Budget, conceivably, might draw up such plans.

Certain considerations should be kept in mind in answering this question, many of which considerations are inherent in the structure of our Federal Government, described this morning by Captain Holley. For example, most of the independent agencies--Interstate Commerce, Federal Trade, Maritime Commission, etc.--are commissions and, thereby, not constituted for fast executive action. You will remember that a war agency, the Office of Defense Transportation, and not the Interstate Commerce Commission, was designated to control land transportation during the last war. Similarly, the War Shipping Administration was created to operate the merchant fleet. In this case, however, the Maritime Commission continued to procure ships and their supplies.

Another consideration in the conversion of an executive department to a war agency is that, in many cases, certain normal peace-time operations would necessarily continue and the head of the agency might not be able to give full attention to war activities. I suppose you might counter this argument, if it is one, with the example of Mr. Ickes who was not a dual but a multiple personality. Furthermore, the qualifications of personnel available in the regular agencies would require close scrutiny in relation to the contemplated war job.

D. Security Functions of Regular Agencies:

The fourth question, and by no means the least important, may be phrased as follows: What action should be taken to redefine the existing powers of the old-line agencies to the end that necessary security measures may be implemented in time of peace?

I have mentioned certain agencies such as the Maritime Commission and the Tennessee Valley Authority which by pre-war statutes were directed to function, at least in part, in such a way that the end product of their

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activities would promote the national defense. The Federal-aid Highway Act of 1944 also contained this consideration in that it directed the development of a national interstate highway system adequate to serve the national defense. The renewal, early in 1945, of the Trade Agreements Act of 1934 added the War and Navy Departments, definitely for security reasons, to the list of agencies which must be consulted by the President prior to the negotiation of reciprocal trade agreements with foreign countries. Other examples of this kind could be given; undoubtedly a study, such as I have recommended, would reveal many more areas in which functions might be redefined or reoriented.

E. Cooperation with States and Local Governmental Units and with Friendly Foreign Countries:

The fifth and last question which I desire to raise is this: What action, if any, should the Federal Government take, and through what agencies, to coordinate peace-time security activities and plans for emergencies with state and local governments and with friendly foreign governments?

The fact that cooperation with state and local governments is desirable, and even essential in time of emergency, needs no advocacy. We need only to observe the operations of many war agencies. However there are areas during peace-time in which a higher degree of cooperation seems indicated. Let me illustrate by two examples: During the last war it was found that many municipalities had obsolete building codes in force, sometimes codes arrived at by connivance of labor and contractors with the deliberate intent to increase the use of construction labor or perpetuate certain methods. These codes, obviously, impeded the progress of construction of facilities and housing so vital to the war effort. The Federal Government, through the Department of Commerce is taking steps in advocacy of reform but the results depend upon local cooperation. Another example is afforded by the tax policies of certain states or their local units relative to underground mineral reserves. The tax is based upon the value of proven reserves rather than upon the value at time of severance. Such a policy seems to be a deterrent to exploration and results in inadequate statistical knowledge of our underground resources. Possibly, the Federal Government should concern itself with this problem.

I have previously raised the question of cooperation during peace-time with friendly foreign governments. Even though a peace-time national security agency is not established, a certain degree of cooperation undoubtedly will be continued through the medium of regular agencies with countries such as Great Britain and Canada. Certain standardization projects, which were initiated during the war, for example in the field of screw threads, may be mentioned. Here the American Standards Association and certain government departments, including War and Navy, and war agencies participated with the British and Canadians. Another example is the proposal that the Geological Survey of the Department of the Interior

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be authorized to undertake explorations for certain minerals in Latin America. This project necessarily would require the consent and cooperation of the respective countries involved.

DISCUSSION

DR. KENNY:

I think this has lasted only 45 minutes so instead of a recess, are there any questions now?

A STUDENT:

Will you comment on the idea that in industrial planning we should stress the fact that there should be only a suggested organization to implement those controls, with no fixed or firm idea of the organization, leaving that up to the executive in power at the time.

DR. KENNY:

Back in 1941 I saw some detailed plans on organization and the various units in the agency were listed, indented one by one, and immediately following there were listed three CAF stenographers and four Captains and so on. Of course, that is carrying organizational planning to an extreme, it seems to me. Generally speaking, I believe a certain skeleton framework is more desirable. First, however, I might say this: I think consideration must be given to the functions which you desire performed and then think about your organization. The plans for that organization, it seems to me, should be pretty much in skeleton form rather than in such detail as that just mentioned.

Now as to the personnel side of the problem, although there has been no analysis to my knowledge, I think probably it cost us several hundred million dollars of wasted effort and time in recruiting, and stealing, people from other agencies in order to staff these war agencies when they were set up. Now I do think, on the personnel side, there is a definite need for a long roster of qualified people in the various categories. With this roster, you could draw on any number of people needed when the time comes. Certainly, I don't believe in going too far into organizational detail in a purely planning stage. That is my own opinion.

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Any other questions?

A STUDENT:

Dr. Kenny, would you care to comment on the special committee report?

DR. KENNY:

The committee report made during the last term, I thought, was very good. You must remember this was January to June; the war was just barely over and the material and data for the historical studies that are now coming along were largely unavailable. I think the committee did a good job. I think in their estimation of the work of some of the agencies they went a little too far in their praise. That is my own opinion offhand; but I think they were correct in their general statement that as of 1945 the agencies were doing a fairly effective job. There was still lacking, however, the necessary degree, it seemed to me, of policy coordination on a very high level which would have aided in the war activities.

A STUDENT:

I was speaking of the special committee for future industrial mobilization.

DR. KENNY:

Oh, that report. Yes, I saw it but I am not as familiar with it as I am with this other report. That committee recommended a civilian agency--security agency--in time of peace, as I recall it. I would agree heartily with that recommendation. I think there ought to be such an agency but I am not familiar with the details of that report.

A STUDENT:

What is your opinion of the mobilization plan of 1939 which recommended that war agencies should be separated from the old line departments as against a plan that makes use of the old line departments?

DR. KENNY:

I don't think either solution is correct. As a matter of fact, the structure was a compromise, if you want to call it that, looking at the agencies that were actually existing in 1945. Some of them were purely war agencies, new war agencies; others, such as the War Finance Division of the Treasury Department, were offices for certain war duties in old line departments. I think you must use the tools at hand when an emergency comes, to the best possible advantage, but quite obviously, you cannot expect all of the war activities to be carried out by old line

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agencies as they existed at the time of the beginning of the emergency.

However, so far as personnel is concerned and the recruiting of that personnel and similar activities, I think it was pretty much of a dog fight back in 1941 and 1942: everybody stealing from everybody else, or attempting to; that was not good. If you can use the existing tools--and we did use some--well and good, but we don't have all the tools in peace time that are necessary in time of war.

A STUDENT:

If these so-called super war agencies existed in time of peace, what would be their function? Would they have any function in addition to maintaining a method of operation?

DR. KENNY:

These are the questions I am asking. It seems to me that there should be an agency, a top flight agency, in the Executive Office of the President. There should be a single man at the head. It should be stronger than the Council of National Defense was. That agency should have a small staff, not a large one. It should review appeals to it from anybody, or any agency, that believes that a certain measure should be taken in time of peace for security reasons. It should review plans for industrial mobilization that somebody else may have drawn up. It should recommend legislation to Congress, through the President, as to necessary statutory changes. That is my idea of what that agency should be.

A STUDENT:

If such an agency was created, would the Government be willing to pay the people the amount of money that would be required in order to get the high type of personnel necessary to benefit the country?

DR. KENNY:

Well, ten thousand dollars is the limit for a civil servant, I believe. Now that is perhaps enough except for three or four or two or three officials who might do the job, but why not pay the Administrator or whatever you want to call him \$25,000, or more if necessary?

The authority must come from Congress, but I think that the salaries of such a staff would be so negligible in terms of what they might save in the long run that they might not be a handicap to its creation, although Congress is rather sensitive about high salaries.

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A STUDENT:

During all this discussion about organization, we haven't heard much about suggestions for an organization which allows for decentralization. I think the very essence of good organization in the Army was brought out by that fact alone. I have seen it happen in Germany especially where you could decentralize right down to the lower channels and get more efficient results.

I haven't heard any suggestions or discussion on the possibility of decentralization, possibly regional organizations in different parts of the country, finally responsible to one central organization, staffed similar to a military organization, thereby enabling them to pass all the functions straight down to these regional organizations. I would like to hear some comment on that.

DR. KENNY:

It is not inconceivable if you have an established top flight Federal national security agency, that that agency shouldn't request, and request is all it can do, the State governments to set up similar agencies in the states. Why not? There are local problems and many security activities which must be met at a local level. That doesn't quite get at your question, but it covers it in part. It may be an impossible solution, but I doubt it. I think in many states you might find that it would follow almost automatically, especially with a little suggestion from the Federal government and other directions. Consider, for example, the Federal-aid Highway Act, - there, of course, the objective is accomplished by appropriations. The Federal Government pays so much and the state pays so much for doing certain things which need to be done, which things may promote national defense. Certain agencies--for instance the Commerce Department--have authority, or are given authority, to carry out a project for security reasons. Commerce does have a certain degree of decentralization. It has field offices. There are some tools available to do those things, others must be created.

A STUDENT:

Isn't it true that each old line agency and the war time agencies did have decentralization to the field within their own agency, but in order to coordinate their work with another agency they had to come all the way back to Washington? What is the possibility of having, for instance a far west regional command unit which could handle all the agencies in that region, just as the Army does, under a Headquarters from Washington, so that a considerable amount of work could be coordinated regionally. It takes a great deal of the work away from the people in Washington, but furnishes them the opportunity to spend more time on policy and things that affect the country as a whole. I have heard no suggestions or discussion

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of an organization of that nature.

DR. KENNY:

It is an interesting point. There was a little of it during World War II, but not to any great extent. We had certain area committees. There were representatives on these committees from the field offices of several agencies.

Does anyone else wish to comment on this point?

A STUDENT:

We had the office of Price Administration, War Manpower Commission, Selective Service; all of these organizations had regional offices.

DR. KENNY:

Yes, they had regional setups, but the Colonel was referring to coordination between those agencies in the field. We had area production urgency committees on which, I believe, there were representatives from the War Manpower Commission and the War Production Board, and these committees provided some coordination, but not any great extent.

A STUDENT:

We, in wartime, depend very much on putting a civilian at the head of an economic organization. Now the terms "defense" and "security" aren't too far apart. If the Army and Navy merges under one civilian cabinet officer, why couldn't you have a civilian agency in that department so that the security aspect could be merged with the defense aspect? That would seem to be a feasible idea.

DR. KENNY:

There it is a question of political reaction. The argument might be that the Secretary of National Security or National Defense, or whatever you want to call it, may be a civilian but it is still a military agency. In all probability that question would be raised although it doesn't necessarily follow. I am just guessing, but, certainly, the War Department is considered a military agency although the head of it is a civilian.

Speaking of heads of departments of some of these major war agencies as being civilians, why surely they were civilians, but Mr. Krug had been in the Navy, Mr. Small had been in the Navy. It is interesting to see how the Navy accomplishes some of these results.

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Are there any other questions?

A STUDENT:

There is one question I would like to ask. Considering industrial mobilization, economic mobilization, and all other elements involved, with the speed of the atomic aspect of war, I don't see how you are going to get a nation mobilized in time after war breaks out unless you are arguing for your National Security Council setup, because it is almost certain that we will not have the two or three years heretofore afforded us to really get production going.

DR. KENNY:

That is why I believe we not only need an agency now to plan mobilization but we need an agency to view what might be done now in carrying out, and getting authority from Congress for, the things we think are the necessary security measures and which should be implemented in time of peace. Continually, piecemeal, the War and Navy Departments are asked to comment upon proposed, and sometimes they even propose to Congress, legislation to accomplish these things. The point I wish to bring out is that there is no one agency whose sole function is to give attention to these problems.

A STUDENT:

With reference to that National Security Agency, we do have a means, it seems to me, now to accomplish some of our objectives through the Army and Navy Munitions Board, whose Chairman reports direct to the President; The Board is in a position to study and make recommendations relative to the security measures for the economy. The Board cannot, of course, direct other departments, except through the President, and that may be a weakness in the Army and Navy Munitions Board. At least it is in a position to study the measures and to make recommendations direct to the President.

DR. KENNY:

Yes. The point is, would a different type of agency, but still an agency to give emphasis to security measures, be more effective than the Munitions Board could be in that field? Personally, I think so.

Thank you.

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