

ORGANIZATION OF OPA AND RATIONING

15 May 1947

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THE INDUSTRIAL COLLEGE OF THE ARMED FORCES
 Washington, D. C.

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PUBLICATION NUMBER L47-134

FOR THE OFFICE OF THE SECRETARY OF DEFENSE
WASHINGTON, D. C.

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GENERAL MCKINLEY:

Gentlemen, this afternoon we are very fortunate in having with us Mr. Joseph A. Kershaw. Mr. Kershaw received his education at Princeton, New York and Columbia Universities, where he specialized in economics. From May 1942 through the war Mr. Kershaw was with the Office of Price Administration, serving first as Chief of the Rationing Banking Branch, and then as Director of the Rationing Currency Control Division. After the war he served as Assistant to OPA Administrators Bowles and Porter. More recently he served as price executive in building materials and as Director of the Office of Public Records, where he had the responsibility for supervising the completion of OPA's history. At the present time Mr. Kershaw is enjoying the status of a private citizen. However, he is just about to depart on a very promising mission to Brazil to serve as visiting professor in economics at the University of Sao Paulo. His subject today is "Organization of OPA and Rationing." I take great pleasure in introducing to you Mr. Kershaw.

MR. KERSHAW:

Thank you, General McKinley, very much. I did not realize how prominent a part the word "professor" was going to play in that introduction when I supplied you with those biographical facts. It no doubt marks me as a biased person, as one of those people with his head in the clouds, impractical, visionary and so on. I am not really sorry about that, because I still think that professors accomplished a great deal during the war, particularly in OPA. My opinion on that is not unanimous, I might add.

I am very glad to be with you today, because it seems to me that if there is one lesson to be learned from the experience of the last five years, it is simply that the next time, if it should ever happen, we ought to go into the control of the domestic economy with a good deal more knowledge than we had the past time. It is amazing when we look back upon it how little we knew on where we were going, and in those terms what we accomplished was particularly great. I hope the next time we will not have to figure things out as we go along amidst all the pressures and with as little advanced knowledge as we had this time.

I would like to talk to you this afternoon about why we got into rationing, how we got into rationing, and some of the organizational problems within OPA and within the Government itself. It seems to me that some of these problems were most important. Most of them we did

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not solve. They stayed with us to the end. I hope that next time solutions will be forthcoming.

When the war began, or even before then, there were two things that developed that were significant in the later consumer rationing picture. In the first place, as the Government began to spend money for war material, incomes began to increase among the people of the country. In the second place, the volume of consumer goods on which those incomes could be spent began to decrease, first in the durable goods field and later on throughout the economy as a whole. So the accumulated effect of increasing income and decreasing commodities on which that income could be spent led to all of the economic controls of the war, including, of course, consumer rationing.

Most of the policies of the Government were directed toward the correction of the effects of that situation. The fiscal policy was revised. Taxes were raised rapidly and what we then thought was drastically. The Treasury Department began its savings bond drives, the later war bond drives. The Federal Reserve instituted Regulation W, designed to make it more difficult for people to spend income, and so on. All of these things had as their primary purpose a reduction in the amount of consumer income available for expenditures. It did not matter in broad terms whether people loaned money to the Government or had it taxed away from them. The important thing was they should not have excess consumer spending power. It is interesting to note parenthetically that this was just the reverse of the policy of the depression period, when all attempts of the Government had been to increase the amount of consumer spending.

These things were not enough in themselves to do the job; either because it was politically unwise or for other reasons it was not possible to reduce consumer expenditures sufficiently through fiscal policies and war bond drives. They had to be supplemented by the institution of price controls on specific commodities where necessary, and later by the issuance of the General Maximum Price Regulation in 1942, the general price controls.

Now, in terms of rationing, price control was particularly significant. If it was effective--and in many areas it was even in the beginning--it meant that persons who got to the store first after the store had received a shipment received the commodity. Others did not get any. The reason simply was that if prices were not allowed to rise, there was no mechanism for bringing demand into relationship with supply.

Of course, the course of prices generally could accomplish what rationing was expected to accomplish. One easy way, for instance, for equating the demand for sugar with the supply of sugar would be to let its price go uncontrolled; and if sugar rose to 75 cents or a dollar a pound, a great many persons might go without and the supply would go

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around and thus you would solve the difficulty. The trouble was that only those persons having enough funds to make the purchases at those prices would get any sugar. So it must be obvious that such a policy was not possible. As a consequence, in order to insure an equitable distribution of many items, the Administration wisely instituted consumer rationing of them.

Now, without rationing, the distribution of the commodity would have been effected, as I say, by price if it were allowed to rise. If the price were not allowed to rise, the distribution would have been by queue; that is, those at the stores at the proper time or who could afford to wait in line long enough would receive the available supply. If price control was not effective, the black market would ration the commodities; that is, those who had the money to pay the illegal prices, and who lacked social conscience, would get the commodities, so that in any case there had to be some form of rationing; the choice was not between rationing or not, but rather what form of rationing it should be. We chose to use a consumer rationing program administered by an agency of the Government.

What commodities did we ration and why did we ration those? I think the answers to those questions are to be found in three factors. First, we chose for rationing those commodities where the supply and demand relationship was well out of whack, if you will.

Now, I think that it is important to realize that in this connection demand is just as important as supply. The first two rationing programs were automobiles and tires, where a sudden dramatic reduction in supply was the characteristic obvious thing. Many persons felt that the main reason for rationing, therefore, was a sharp reduction in supply. That was the case many times. But it should be pointed out, I think, that just as important was the sharp increase in demand that took place with respect to many commodities.

For example, the supplies of meat, available for civilians after the Armed Forces had obtained their share was larger during all of rationing than it had been before the war. The same was true of processed foods. The fact in those two cases was that the increase in consumer income led to a substantial increase in demand; so that, even though supply had improved, the demand increased so much more as to require the institution of consumer rationing.

The second thing that had to be present before rationing was undertaken was that the commodity had to be essential. There were many items not rationed in which the supply and demand relationship was out of balance badly. Those presumably were not considered essential.

Essentiality is an extremely difficult concept to define. In general I think it meant that the commodity was needed for war prosecution, such

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as gasoline to get the workers to the war plants, or where an equitable distribution was needed so that civilian morale would remain high, as in processed foods, shoes and so forth, although it is not possible to give any really precise definition.

For example, we rationed coffee, but we did not ration cigarettes. We did ration bicycles. It has always seemed to me that on grounds of mere essentiality a better case could be made for rationing cigarettes than coffee or bicycles. Those of you who were in this country during the cigarette shortage, and who were not buying at Army posts, I hasten to add, will recall that the amount of time lost by persons standing in line for cigarettes or shopping around for cigarettes was simply tremendous. Perhaps it is because I would much rather have a cigarette than a cup of coffee, but I am sure there was more time lost in that regard with respect to cigarettes than there would have been with respect to coffee.

We were criticized, incidentally, for rationing coffee by many persons, who felt that it was a poor expenditure of government funds. I think of that merely as an example of the difficulty of defining essentiality.

The third characteristic that had to be present was that of administrative feasibility. As badly overworked as we were, it involved such things as a budget for skilled personnel to run the program; and ability to work out details of the rationing program, which in many cases were extremely difficult. I might point out as two examples where administrative feasibility played a major role, soap and apparel.

Some of you, I am sure, know something about the mechanics of rationing. Sometime when you have nothing better to do, you might sit down and figure out how to ration soap. We could not quite make it. Soap is used in almost every public building in the United States, in public washrooms, as soap powders, soap flakes, cake soap and so forth. The method by which one would ration a commodity like that is very difficult to evolve.

The same is true in apparel, where you get into such problems as the relationship between women's dresses and textiles and so forth. Other countries did it, and I am sure we could have done it if it had been absolutely essential. But the difficulties involved and the amount of money that would have been required to evolve a program and work it out successfully was certainly important in the decision whether or not to ration apparel.

Now, OPA became, I think, the rationing agency quite by accident. OPA was the Office of Price Administration. There was no reason why it had to be the rationing agency. As a matter of fact, for quite a time

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there was a feeling that it would not be the rationing agency. The Office of Price Administration and Civilian Supply had been created in April 1941, by Executive order. At that time there was very little discussion of the possibility of rationing. But the civilian supply function, which led, of course, eventually to consumer rationing, was included in OPACS; so that presumably rationing might have fitted in.

In the course of that year, however, the civilian supply function was split off from OPACS and put in the Office of Production Management, which shortly became the War Production Board, so that presumably from then on consumer rationing would end up in that agency.

I would say that it is largely historical accident that OPA became the rationing agency. Before Pearl Harbor there had been almost no thought given to the possibility of consumer rationing. Ours was the land of plenty. Our problems were surplus problems, not shortage problems. Almost no one within the Government was thinking about consumer rationing problems until Pearl Harbor. Even then the responsible officials of the Government backed away from the idea of consumer rationing. It was assumed to be an extremely unpopular move and nobody wanted it. I think that is unusual when you consider the typical government agency. It would mean a tremendous organization, name in the papers all the time, and yet nobody wanted it. Further experience showed that they were not so stupid.

In any event it became obvious that tires were going to have to be rationed immediately after Pearl Harbor. Somebody had to do it. It is my own private feeling that one of the reasons OPA was chosen as the unfortunate agency to administer the tire rationing program was that it was populated at the time by a group of young professors, most of them with imagination, unrealistic if you will again, who could not watch a loose ball roll around the field, but had to pick it up and run with it. A small group of them saw that the ball was loose; and, before you knew it, OPA had been told to get busy and ration tires.

That was not the ultimate decision on rationing. There was no reason why the Department of Agriculture, for example, should not ration food, the Department of the Interior ration petroleum products, the War Production Board ration steel, clothes, shoes, rubber boots and so forth. But within the next three or four weeks the die was finally cast when in late January the War Production Board issued its Directive No. 1, giving generalized authority to the Office of Price Administration to carry out the rationing programs at retail that had to do with consumers.

It is interesting by way of history to note that the OPA quarterly report says that the reason for this decision was that OPA had a field organization ready to deal with consumers and retailers. Actually the fact is that OPA had no field organization whatsoever. At the time this

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decision was made we had three regional offices established and nothing else. These three regional offices were set up to handle price problems, and never got near rationing problems, as a matter of fact, for about six months. It is difficult to imagine that something that came several weeks after was responsible for the decision placing the rationing responsibility with OPA. Well, anyway, we got it. The Emergency Price Control Act was signed, as you know, in January of 1942. It was the statutory authority creating OPA and under which OPA operated for the subsequent four and a half years.

The Emergency Price Control Act did not mention rationing. The legal authority for rationing derived from a quite separate set of statutes and Executive orders. It came from the Second War Powers Act, which gave the President the authority to allocate scarce materials when that was in the national interest; and he delegated that authority to the War Production Board, which in turn elected to split it up and delegated the authority for petroleum to the Petroleum Administration for War, the food authority to the War Food Administration, and the tire authority to the rubber czar, and so on.

These became supply agencies, as they were called, and assumed for the course of rationing a part of the rationing responsibility. The general public was not aware of that, and it led to a substantial number of difficulties, some of which I would like to go over with you here.

The split between the supply agencies on the one hand and the rationing agency on the other, it seems to me, is fundamental both in understanding how rationing worked this time and in planning for a similar arrangement next time if there ever is a next time. The dual responsibility that came out of that arrangement was never satisfactory. It was never satisfactorily resolved in spite of reams and reams of paper writing and correspondence between OPA on the one hand and the various supply agencies on the other, with the more authoritative agencies at the top sticking in their "two-cents worth" on frequent occasions.

Let me make sure the picture is clear. With regard to gasoline, as an example, the Petroleum Administration for War had the authority to decide whether gasoline would be rationed, when it would be rationed, and when rationing should stop. This it did by directives published in the Federal Register given to the Office of Price Administration. PAW in addition allocated to OPA, just as it allocated to the Army and the Navy Lend-Lease, a certain amount of gasoline for a certain period of time. So many thousand barrels per day for the month of July 1944, were allocated to OPA to be distributed to civilians in some manner. That was the only part of the supply in which OPA was interested, and our task was to make an equitable distribution of that amount of supply. What the Army did with its supply was not a matter of importance to us unless it wasted gasoline and had to come back and take some more out of the civilian allocation.

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Now, the problem arose in terms of where the supply agency should stop and where we should pick up. PAW, I might add, was headed by the Secretary of the Interior, who was not a colorless individual, as you may recall, and who took great pleasure, according to us at least, in informing the public what a good job he was doing and what a poor job we were doing. The administrator's chair in OPA, I might also add, was not generally populated by colorless individuals either, and we had a perfectly swell arrangement for some public fireworks between the two agencies; and got it. All that did not help. I will have a little more to say about that in a moment.

OPA felt that the supply agency's function was to determine what the allocation was and then to get out of the way. How much gasoline, to continue with the example, a salesman should get, whether people should get gasoline to go to funerals or to visit their sick uncles or to go to ball games OPA felt was its business and not that of the supply agency. That apparently simple problem of the division of functions was simply not solved. The first directive, for instance, on tires specified that doctors should get tires and that ministers should get tires. Perhaps OPM assumed that the OPA people were religious enough to make the decision themselves that several other classes of people should get tires. In the beginning, therefore, the supply agency was deciding who should get the supply of a short commodity rather than saying, "You have so many thousand tires for this month. You go ahead and distribute them."

We came to call this a "cellophane package" idea, because all of the supply agencies in the beginning felt that it was their job to deliver to us a rationing program wrapped in cellophane with a note on the outside saying, "Here is the program. You supervise your field organization in making it work like this."

We held to the position, of course, that that was not possible; that we were answerable to the public; that we should decide who got how much. The correspondence in the files indicates that there was a sharp difference of opinion that ran right through the program, sharpest in the case of the Petroleum Administrator for War, but quite sharp in the case of the War Food Administration and very sharp in the case of the rubber czars. You remember the rubber czars, those people who used to come to Washington and in six months announce that the rubber problem was solved and go back to run the railroads again. Somebody else would come in and take charge of the program, stay a few months, announce that the problem was solved and go back to his job. The problem stayed with us all the way through. I will have something to say in a moment as to whether or not it could have been solved or can be solved next time.

The second area of conflict was in publicity. It was here that many persons feel the greatest wrangling took place. The supply agencies felt

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that it was their job to inform the public about supplies of scarce commodities. They said in effect, "We are responsible for maximizing supplies. We are responsible for allocating supplies as between civilians, the Armed Forces, Lend-Lease, and so forth. It is therefore our responsibility to make public statements about supplies."

That is a perfectly logical position, I think; but it was opposed to another perfectly logical position. OPA said, "We are responsible for running the rationing program. We have learned the hard way that the American people will accept a rationing program if they are convinced that the shortage is real. It is necessary, therefore, for us to inform the American public about shortages in supply."

Well, as is true of so many conflicts during the war, each agency held to its position tenaciously. The Office of War Information attempted valiantly but unsuccessfully to bring the two together. What you had were different stories about supplies being issued by the two different agencies.

Nothing could confuse the public more than this sort of thing. For example, during the gasoline pleasure car ban in 1943, when OPA was working to maintain this pleasure ban and failing more each day, the OPA people were horrified to read in the papers one day a statement by the Deputy Petroleum Administrator for War that the critical period in gasoline was about over. That put an end to the effectiveness of this pleasure ban. The people would not cooperate with the pleasure ban when the man responsible for the supply of gasoline announced that the critical situation was about over.

Now, OPA felt that, whether that was true or not, it should not have been said or should not have been said without advance warning to OPA. The Office of War Information was able to handle many of these things where it was a matter of a press release, but where a high official was traveling over the country and was met at an airport by a group of newspaper reporters and he was asked a simple question and he gave a simple answer, frequently that answer would be felt throughout the length and breadth of the land. It was that sort of thing that made it so difficult to maintain many of the consumer rationing programs.

We never rationed gasoline in Texas, for instance. We could never get it across to the Texans that there was any need for rationing gasoline. They are hard enough people to deal with anyway. But when you had this sort of cross current of information coming from top officials, you simply had to give up hope. Our own people, for instance, in Texas and other oil-producing areas simply could not be convinced that there was any real need for gasoline rationing.

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One more example along that line: When processed foods rationing was in the planning stage in the fall of 1942 and the first months of 1943, OPA decided that it would not be possible to launch that program without advance notice to the public and without instruction to the public. It was the first "point" program, you may recall, and the point programs were complicated. We felt we had to have a month or so to instruct the public and the trade in how to use this complicated new currency system.

The War Food Administrator said, "You cannot do that. I absolutely refuse to allow that, because people will immediately start hoarding." "Well," OPA said, "Yes. Even though it will cause that, we are going to try to minimize that by announcing at the same time a consumer declaration of canned foods on hand. We realize that we will lose some canned goods in spite of that, but we are willing to lose that amount in order to have that time to instruct the public in the use of this program." That argument was carried on literally for weeks and was not resolved until the two agencies had taken it to the Director of the Office of War Mobilization. Finally a ruling was made there in OPA's favor.

Too much time was spent in an argument of that sort. Someone should have been responsible for making such decisions and not have to carry it to another agency where matters of feelings of the men you would go to see over there and that sort of thing got to be involved.

These conflicts, as I say, were simply never resolved. It is my feeling that they were inherent in the organizational arrangement of the wartime rationing. There are two or three reasons for that. In the first place, the supply agencies were generally staffed by people who were taken from industry. That was necessary, and wise. We had to have people who knew the industry, who had the confidence of the industry, in order to get the cooperation that was needed. But in some instances you got into a supply agency what you might term a "producer attitude," which was rather substantially opposed to what came to be known as a "consumer attitude" in OPA.

A supply agency, for example, in the interest of the industry, would sometimes consider too strongly an argument for the industry where there was a conflict between the interests of producers and consumers. In OPA, on the other hand, the consumer interest was likely to get a more sympathetic hearing than the producer interest, so that there was conflict, which was extremely unfortunate in many instances. It led to a situation where OPA felt in some cases that the supply agency was merely the government arm of a particular industry. "The boys over there are trying to bring their industry through the war unscathed. They do not care about the general interest. They care only about their own fellows back in industry. They are increasing their own ability to get back at higher salaries" and so forth.

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On the other hand, the supply agencies tended to view the rationing part of OPA--and I hasten to add, the pricing part as well--as populated by a group of professors who did not know one end of a cow from the other or did not know what a pipe line was, or who were interested in reforming the world, or who were simply too idealistic to understand how to run a major wartime activity.

The facts, I think, are unimportant. The important thing is that the divergence of views that took place was unfortunate throughout the war and tended to make difficult the kind of cooperation that you had to have to make a success of such an important and all-pervasive thing as rationing.

The situation was most difficult, I think, with the PAW. It was awfully difficult with the War Food Administration, where there were almost knockdown and drag out fights in 1944 over the policy of removal of meat and processed foods from rationing. It worked most smoothly with the War Production Board, where they remained the supply agency for rubber boots, shoes, stoves and one or two other things.

I do not know why that was. You could philosophize about it, I suppose, and wonder whether the fact that in some cases you had a man of cabinet rank dealing with some upstart in a temporary war agency might have had something to do with it. But in any event I think the facts are there.

I wonder whether there is any answer to that situation. The reason for the separateness, the dual responsibility, is not hard to find. In the first place, I think the feeling was that you ought not put the responsibility of rationing and the responsibility for determining that there should be rationing in the same agency, because you would tend to build up an inherent interest in maintenance of the job and thus get a less objective point of view brought to bear on whether a commodity should be rationed or should continue to be rationed. On the other hand, you could not move the rationing function into the various supply agencies, because you could not have a field organization handling rationing responsible in Washington to five or six different agencies, and you should not set up five or six different field organizations. And I suppose there were other reasons.

It seems to me that the real answer to the problem, if there is one, would lie in establishing a stronger and more influential agency that would supervise the rationing agency on the one hand and the supply agency on the other. The Office of Economic Stabilization was that agency in the last war, but it was run by men who were not particularly strong or influential until Bowles got up there; and it was too late by that time. It had a very small staff, and it considered its main function to be that of referee. It had nothing to do, it felt, until some two agencies or more got into a fight that they could not settle

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themselves. At that point the agencies would come to OES and say, "Here is our problem. I think this, I think that. We cannot settle it. What is the decision?"

Frequently, also, when such a matter came to OES, the person against whom the decision was rendered would appeal to the President for an overturn of that decision. And on occasion those decisions were overturned. That was not the way it should have been run. It seems to me that you should have had a positive, powerful, influential agency there whose job would have been to say, "Now, we need to do this about cattle. We need to do this about the price of cattle and the rationing of cattle and the allocation of cattle, the various things that the Department of Agriculture does for cattle. Now, let us get these fellows together and hammer it through." Instead, OPA would have its views on cattle, Agriculture would have its views on cattle, and I tell you there never was a getting together; the result would be argument back and forth, back and forth, and finally an appeal to OES and maybe a decision within two or three months.

It is hard to run a program that way. It becomes more significant in view of the fact that rationing is only a part of all the other wartime controls, and it needs to be geared into them. It seems to me the suggestion above would be something worth considering.

Now, let me say just a word about the organization of rationing that took place within OPA.

There was no rationing organization in OPA until three or four months after the first rationing program was started. We had a rationing department finally in OPA along about April of 1942. We were already rationing three commodities and about to start rationing sugar by that time. The early rationing programs were worked out in the Price Department in OPA and carried out by pricing personnel.

The big problem in the early days was whether to set up a rationing department, a price department, and so forth, or whether to set up commodity departments including both, rationing and price. This was eventually resolved in favor of functional organization, that is, price, rationing, rent and then the various service departments--information, enforcement, administrative services, and so forth.

That was thought to be necessary, because the rationing job was obviously going to be an extremely large one and the price job an extremely large one. It was felt that it was essential to have personnel devoted only to a given part of the job.

One of the problems that arose out of that type of organization was that the rationing people and the price people did not work together

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as closely as they might have, so that you did not get a unified attack on a problem with a given commodity. You had the rationing people working within their limited sphere and the price people working within their limited sphere. I believe it is an open question whether that was the sensible thing to do or not. Opinion was at the time sharply divided, and it still is.

In the field we had, as you may know, eight regional offices during most of our period and 93 district offices under the supervision of the regional offices. In each case those were smaller editions of the national office. The organization in each was the same. I think there is little need to comment about them.

Finally, the local rationing boards were extremely important cogs in the rationing job and certainly deserve a word or two. It is my view that the establishment of the local rationing boards was one of the most dramatic accomplishments of the war at home. As you may know, these were voluntary boards that adjudicated the rationing in the community, issued currency, listened to gripes, attempted to gain an understanding of the program within the community; they were staffed by persons without pay except for clerical help, and in many cases the same individual served for four years on a given local ration board and in some cases spent four or five hours a week with the board, and in not a few cases spent as much as forty hours a week. There are instances of persons who spent forty hours a week with the local rationing board week in and week out, and at least one case I know of, a man who did so without ever taking a vacation, a retired business man, who saw a chance to do something for the war and worked his soul out.

Those boards were set up following Pearl Harbor. Seven thousand of them were originally established. After it became known that OPA was going to do the tire rationing job, on the twelfth day of December, I believe, and three or four people began wondering how we were going to ration tires, they finally decided that they would need local boards to do the job. That was the twelfth of December, and on the fifth day of January, three weeks later, seven thousand local rationing boards began issuing tire certificates, which had been printed in the meanwhile, according to regulations which had been drafted, sent out to them and taught to them; and rationing became a going concern.

When you look back on what was done in the light of the problems that we ran into later, there is only one conclusion, and that is that it really did not happen. It could not have happened. There was not enough time to do it. The fact is, however, it did.

Now, those ration boards, seven thousand of them, later became about 5,600. They were the vehicle through which the rationing programs were carried into effect locally. Comment, I think, is necessary on the fact that they were manned by volunteer personnel. That was inexpensive. It was absolutely essential then. There was no budget. It meant that

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we were able to get people of a higher caliber than we would get at government salaries--retired business men, labor union people, who were given time off, farmers, all kinds of people, housewives, who would not have come at salaries of thirty-two hundred such as would probably have been available to board members, who came in four or five hours a week. All that was to the good.

On the other side the local board members were extremely independent. They had to be to withstand the pressures that they got. In order to keep these people on, we had to keep patting them on the back and keep telling them what a wonderful job they were doing, keep telling them they were doing a real job at the local level, keep building them up, in other words. Later, when it became necessary to say to them, "This is what the regulation says. Do not issue gasoline in excess of this figure. Do not issue home canning sugar in excess of this figure" and so on, many of the local board members said, "Oh, that is just out of Washington. We know how to do this job. Look what they used to say to us. We are the big shots of this rationing program."

It is significant, I think, that in 1945, when the war was obviously approaching its end, one of our major problems in gasoline rationing was how to stay within the allocation for each month. We were exceeding it by a greater amount each month. The local boards decided that the war was about over and that gasoline rationing was going to end soon. Mrs. Jones really needed that gasoline. They would not have given it to her a year ago, but they began to resolve questions in favor of the applicant, and the amount of over-issuance began to go right up. We did not have any discipline that we could exert over the board members. In spite of all the exhortation, all the pleadings, even threatening, that we did, we could not make a dent in the over-issuance at the local board level. The end of the war was the thing that saved us on gasoline. The problem at that time was the independence of the board members.

However, it should be said that in tires the board members were extremely careful of the quotas. It was unheard for a local board to exceed its tire quota, almost unheard of. There they had the ability to say to an applicant, "I am sorry. We only had forty-five tires for this month. They are all gone. There is nothing we can do about it." They stuck to those quotas. In gasoline we did not have quotas. It was a matter of their interpreting regulations. They interpreted them more and more favorably. The question, I think, is, Is the admitted benefit to be obtained from the high caliber of the volunteer personnel worth the sacrifice in terms of control that we were able to exercise over the local board members?

Those are some of the problems as I see them in retrospect that arose in the rationing program. I tried to cover those that I thought

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would be of importance and that ought to be solved. In many cases I have not indicated any answer. I am not sure what the answers are.

I feel a little bit like an elder statesman at this point. It is an unusual role for me. Here are the problems. Some of the answers we have found and some we have not. In any event, if we can get you thinking about the problems, the likelihood is that we will get a better answer the next time than we did the last time. Thank you very much.

A STUDENT:

Mr. Kershaw, would you comment on our peacetime, post-WJ-day price control policy?

MR. KERSHAW:

I cannot think of much good to say about the post-WJ-day price control policy. The comment that comes immediately to mind is that we did a very poor job post-WJ-day. I think the fact obviously is that price control was a major part of a lot of other wartime controls. It could work only with those wartime controls. It could not stand on its own feet.

Most of the other wartime controls were removed, in my opinion, prematurely; and as a result, the pressure on price control became extremely great. The control over building materials and things of that sort, which had been necessary to make price control work properly, was no longer there. Add to that the letdown feeling of the people, business, and the Administration at the end of the war, and you no longer had this feeling that we were going to "hold the line by God, this time," which had characterized the general situation during the war. So we eventually came to the crisis, the fiasco, in the first of June.

A STUDENT:

I have had dealings with the Office of Civilian Requirements with respect to their representation on WPB in matters of rationing. Was your opinion good, bad or indifferent as to the efficiency of operating within OCR?

MR. KERSHAW:

I cannot comment from personal experience on that, because I had no dealings myself with them. My impression is, however, that the dealings with OCR were rather good, and that the cooperation of OCR and OPA was the best, better than with any of the other war agencies. I believe that is correct.

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A STUDENT:

What channels did you use in organizing those seven thousand local boards?

MR. KERSHAW:

We set them up originally through the state rationing administrators, who were appointed by the governor of each state. They in turn supervised the local rationing boards.

A few months later we reappointed those state rationing administrators from the national office from a panel submitted by the governor. In many cases it was the same individual. In other cases it was not. That state rationing administrator became the nucleus of the state office, later called the district office, which became responsible for the supervision of the local rationing boards within its district or state. There were 93 of those eventually. There were several in New York State and only one in Colorado, for example.

Those men in turn were responsible to the rationing officials in the regional offices, of which there were eight. They in turn were responsible to the rationing officials in the national office.

GENERAL MCKINLEY:

We are going to have to stop. Let me thank you very much indeed.

(6 June 1947--350)S.

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