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CIVILIAN WAR AGENCIES

23 September 1947

CONTENTS

Page

SPEAKER--Dr. Norris G. Kenny, Member of the Staff, The Industrial College of the Armed Forces 1

GENERAL DISCUSSION 14

PUBLICATION NUMBER L48-9

THE INDUSTRIAL COLLEGE OF THE ARMED FORCES

WASHINGTON, D. C.

RESTRICTED

CIVILIAN WAR AGENCIES

23 September 1947

COLONEL NEIS: Gentlemen, this afternoon we will have the second in the series of lectures given under the auspices of the Organization and Administration Division, dealing with civilian agencies. It is particularly desirable at this time that you have a good, sound working knowledge of the interrelationships existing between the civil agencies organized during World War II for the administration of the war economy. I know of no one who is in a better position to tell you that story than Dr. Kenny, formerly Colonel Kenny.

Dr. Kenny had very intimate contact with the War Production Board. He handled the matters pertaining to War Department conservation and was in very close touch with the Conservation Division of the War Production Board. He had a great deal to do in the development of the various control orders that were initiated by the War Production Board.

It is with considerable pleasure that I present to you Dr. Kenny.

DR. KENNY: My topic today as Colonel Neis indicated is "Civilian War Agencies in World War II." I have added to that, "Actual versus Planned." I gave a similar talk last term; this lecture will be a repetition in part of that material which is available to you in mimeographed form. For those who desire to probe into this field a little further from an over-all point of view, I would recommend the study of the Bureau of the Budget entitled "The United States at War"; the report in June 1946 of the student committee of this College on Organization and Administration; and the volume, reproduced by the College in April of this year, called "Organizational and Functional Charts of Civilian War Agencies."

Two questions arise at this point. What do we mean by "Civilian War Agencies" and why study them at all? As to the first question I would include all governmental agencies with executive or administrative powers, the primary function of which was to contribute to the successful conclusion of a war, and of which the areas of operation were other than military. You will observe that I did not confine my definition to the Federal Government only, although Federal agencies are the only ones I will talk about today. A study of state and local war agencies would seem to be in order but, as yet, we have given little or no consideration to it. I have confined my agencies to those in the Executive Branch; however it might be highly appropriate to include certain other agencies, for example, the Senate War Investigation Committee, the so-called Truman Committee. For our purpose here the term "agencies" is taken to include

certain joint and combined boards and committees on some of which other nations were represented and, also, individual offices in regular agencies, coming within my definition.

The answer to our second question, Why study the civilian war agencies of World War II?, should be fairly obvious. Such a study should provide the basis for more effective planning for economic mobilization than existed prior to the latter war. We will need to know more than ever far in advance of a future emergency just what agencies will be required, from where their staffs may be recruited, what enabling legislation is necessary, and so on. I said last year that such a study should assist in estimating the necessity for a peacetime top-level security agency. In the meantime and in part the skeleton for such a structure has been provided by the National Security Act of 1947. This skeleton requires muscles and nerves and all the other components necessary for its functioning. Probably it also must be clothed to make it presentable to the public at large. Some of you, in the years to come, will be in positions to assist in this development. Some of you, in the event of war within twenty-five years, will be in positions of intimate contact with the civilian war agencies, which have been determined, during this planning period, to be necessary.

The Planning Period

The period of planning for economic mobilization, including planning for new war agencies and for reconversion of regular establishments in whole or in part, began soon after World War I. It 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. In previous lectures, this year and last, you have been provided with an excellent analysis of these periods. I shall attempt only to point out some of the significant facts relating to the structure of war agencies as it finally came to exist in World War II, comparing briefly this structure with that planned.

It has been too easy to assert that planning and implementation of such planning 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 that an examination of the facts will reveal a greater degree of planning and, far more important, the putting into effect of some of these plans than is generally recognized. At the same time, in retrospect, we are convinced that much more could have been accomplished.

The Planners

Who were the planners for economic mobilization during the inter-war period? The usual answer is "The War Department" or "The military services operating through the Army and Navy Munitions Board." Possibly in addition "The Executive Office of the President" would be mentioned. This answer is correct but, to my mind, incomplete. Let me call your attention to a few other 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....." Of course that objective was being carried out prior to the war.

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 areas planning for a national emergency had the specific sanction of Congress and, to varying degrees, was being implemented during peace years by nonmilitary agencies.

I know of no comprehensive study of the statutory authority granted to the old-line civilian agencies in the field of national security. Certainly there has been no over-all study of how these agencies have carried out such authority. I hope that this area will be explored by the new National Security Council and the National Security Resources Board.

The Plans

The key emergency civilian war agency contemplated by the Industrial Mobilization Plan of 1939 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. Representation on this advisory council was to come not only from the agencies listed above but also from the State, War, and Navy Departments.

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 activated, nor had any regular civilian Federal establishment reoriented itself with emphasis on defense or security activities. 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. A War Resources Board was appointed in August 1939 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.

Civilian War Agencies from 1939 to Pearl Harbor

The period from September 1939 to Pearl Harbor saw 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 there were two major agencies--Office of Production Management and Office of Price Administration and Civilian Supply--actively functioning. A host of other civilian war agencies, established under the Office for 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 been created also to resolve the problems of allocations of commodities among the various claimants--civilian, military, and foreign.

Outside of the structure which derived its legal authority from the Office for 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 provided with administrative homes of one form or another. Time was to reveal the necessity for a redefinition of, and increases 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.

Civilian War Agencies in 1945

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

Coordinating Agencies

Two active policy coordinating agencies were in being by 1945--the Office of War Mobilization and Reconversion and the Office of Economic Stabilization.

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 the 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.

Areas of Operation

I will 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.

I again call your attention to the report of the very capable student committee of June 1946 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.

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. Roughly and generally speaking, and neglecting many agencies which we find in 1945, the contrast is as follows:

1939 Plan	1945
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
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 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.

Significant Characteristics of Civilian War Agencies

Certain characteristics of the civilian war agencies as they finally evolved prior to VJ-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.

Coordination

First, the problem of securing coordination of policy among the many civilian war agencies and between them and the military agencies was never completely resolved during World War II from an administrative point of view. It is safe to say that until the establishment of the Office of War Mobilization in May 1943 coordination of the major questions of policy could not be achieved short of the President. Prior to this time the Office of Economic Stabilization had been activated in October 1942 but its Director had the authority only to formulate policies for and resolve differences in policies among the agencies the actions of which affected economic stabilization. Even earlier there had been gestures in the direction of coordination. When the President appointed members of the Advisory Commission to the Council of National Defense, he designated one of his administrative assistants as Liaison Officer for Emergency Management. A study of the minutes of the Commission reveals that the problem of coordination was a serious matter of concern in this early period.

One method of securing coordination within the areas of operation of most of the major war agencies was through advisory boards composed of representatives from the agencies having interests in these areas.

Despite these devices for coordination it seems to be generally agreed that better methods must be devised by which major policy matters are resolved before they become open and often acrimonious differences of opinion.

Functional versus Commodity Type of Organization

The second characteristic is that relating to the type or organizational structure--the functional versus the commodity or industry approach. On the one hand, it is conceivable that a structure, whether one agency or several, might have been developed purely on the functional plan with, say, major divisions of price control, priorities and allocations, facilities, production, purchase policy, manpower, distribution, and so on. Some of these divisions would, in turn, break themselves down into commodity units. On the other hand, a pure commodity approach would have resulted in one or a few agencies with their major divisions based on commodities and services, each one responsible for all controls, whether allocations, prices, rationing, labor or what not, determined to be necessary in the particular case.

Actually the civilian war agencies in 1945 present a conflicting picture from this point of view and, often, were the result of compromise. The Industrial Mobilization Plan of 1939 called for a War Resources Administration, which was to have broad jurisdiction over all industries. This plan, however, did not go to the one extreme because separate administrations were provided in the areas of finance, trade, labor, and price control. In 1945 we find the War Production Board with jurisdiction over industry in the broad areas of priorities and allocations, purchase policy, and production. But we find, also, major agencies responsible for the functions of price control and rationing, transportation, manpower, and foreign trade. Furthermore we find separate agencies--the War Food Administration, the Petroleum Administration, and the Solid Fuels Administration--responsible for commodity controls in their areas. In varying degrees, the War Production Board had influence in or actual control over the policies of these organizations. This end product, as I have 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 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. 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. However, 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.

Relation to Old-Line Agencies

The third 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 peacetime skeleton organization for war in which the regular 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, 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 departmental 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.

Relations with the Civilian Economy

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

An 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 care into being. The major war agencies in World War II also observed this principle. We find it, for example, 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.

Relations with Military Agencies

A fifth characteristic, which I wish to bring out, is the relation of the civilian war agencies to the military services. In some cases, 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 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 on VJ-day included the Secretaries of War and Navy, together with the top officials of eight war agencies. The Chairman of the Board, however, 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.

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.

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 economic mobilization.

Presumably some of these questions will be among those which the administrators of our new security structure must consider in the next few years. However, it is no crime to speculate and even to indulge in criticism during the process of evolution of this postwar organization.

The National Security Agencies

The first question I would ask is: Can we expect the new security agencies to be more effective in planning in the organizational area for economic mobilization than those which existed during the interwar period?

The comparison for our purposes is primarily between the National Security Council and the National Security Resources Board on the one hand and the Council of National Defense and the Army and Navy Munitions Board on the other. Among the factors bearing on this question are the state of public opinion, our political relations with other countries, and, perhaps even more important, the caliber of men who man these new agencies of ours.

You will recall that the old Council of National Defense, composed of six cabinet members, was inactive during the interwar period. The law establishing the new National Security Council indicates that usually the President should preside over its meetings. Furthermore, an executive secretary and a staff are provided for. Specifically, one of the functions of the Council is to consider policies on matters of common interest to government agencies concerned with national security and to make recommendations to the President.

The new National Security Resources Board, in contrast to the Army and Navy Munitions Board, will be composed presumably of a majority of members from civilian agencies. Its chairman is appointed from civilian life and a staff is provided for. The law states that in preparing plans for economic mobilization for presentation to the President, it shall utilize to the maximum extent the facilities of regular government agencies.

You will observe two principal points in this comparison. First, much wider representation of regular civilian agencies in economic mobilization planning has been provided for under the new setup and, second, better administrative tools appear to be available to it.

Advisory versus Executive Functions of the National Security Agencies

The second question to be asked is: How are policies arrived at by the new security agencies to be implemented? By law the National Security Council and the National Security Resources Board can only advise the President on matters coming within their purview. In this sense they have no greater powers than their prewar predecessors. I assume that if a policy is arrived at with which the President agrees, one of two things would happen. If action required comes within existing Executive authority, he may issue the appropriate orders to the agencies concerned. If not, he would have to propose necessary legislation for Congressional action.

In your studies this term you may find it necessary to ask yourselves these questions. Should these new agencies be given any executive or administrative authority during peace years? Second, even if not possessing such authority during peace, should they consider plans and recommend a policy which would permit them to assume such authority in time of war?

Conversion of Regular Agencies to War Agencies

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

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 in a previous lecture by Dr. 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 latter war. Similarly, the War Shipping Administration was created to operate the merchant fleet. In this case, however, th Maritime Commission continued to procure ships and their supplies.

Another consideration in the conversion of an executive agency to a war agency is that, in many cases, certain normal peacetime 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.

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 re-examine 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 prewar statutes were directed to function, at least in part, in such a way that the end product of their 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. The suggestion has been made 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.

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.

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 peacetime 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. There are, however, areas during peacetime in which a higher degree of cooperation seems indicated. Let me illustrate by two examples: (1) During the latter 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 has taken some steps in advocacy of reform but the results depend upon local cooperation; (2) 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 total proven reserves rather than upon the value of the ore 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 peacetime with friendly foreign governments. 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 some of the war agencies participated with the British and Canadians. Another example is the proposal that the Geological Survey of the Department of the Interior undertake explorations for certain minerals in Latin America. This project necessarily would require the consent and cooperation of the respective countries involved.

In conclusion, let us make no mistake about the relative importance of what we have been discussing, that is the administrative machinery used to mobilize the economic resources of the Nation for war. But always first, consideration must be given to the end products for which machinery is to be devised--to the functions which it is to perform. And equally important, consideration must be given to the caliber of men who are available to design it and of those who are to operate it.

Thank you.

COLONEL NEIS: Gentlemen, I believe that each of you who has heard Colonel Kenny here have been impressed by the fact that the work done in the development of the 1939 Mobilization Plan was not wasted effort. Many of you no doubt have encountered that thing in various echelons of your activity.

As a matter of fact, I believe each of you has been struck with the fact that, while the plans and the agencies proposed by the plan were not adopted in detail, there is hardly an activity that was contemplated in the 1939 Plan that ultimately was not provided for within the final structure.

True we did not have an M-day in World War II, but practically every agency contemplated under the 1939 Industrial Mobilization Plan came into being, not probably with the same name, probably not confined to a particular set of activities that it was designed for, but in one form or another practically every activity contemplated under the 1939 Plan came into being. I would like to impress that on you particularly.

Gentlemen, we are open for questions.

You know, gentlemen, along about six months from now you are going to be very, very much interested in this very thing. We thought we would put it on the schedule at this time in order that you would not go through the usual process that most classes go through, where they say "All planning that was done in the past was futile; we might as well save our time." I think after this discussion you won't be afflicted with that form of thinking, but I think there should be within the area of this subject just covered by Dr. Kenny some questions developed from the audience.

Dr. Kenny, I am going to throw one: Would you undertake to tell the class why, in your opinion, the 1939 Plan was not immediately invoked at the time of Pearl Harbor?

DR. KENNY: Well, of course, one reason that seems to be indicated was the fact that there was an election which may account, in part, for not invoking it prior to Pearl Harbor. I think by Pearl Harbor you had the growth of a structure that was hard to stop dead at that level, and then start with another and different one. You already had a pretty broad development, a development along a pretty broad front by that time, and some of the results were compromises, as I have said. I think it was a process of evolution and that it was almost impossible by that time to cut it off and start with a new structure. The final result does show a great many signs of similarity with the structure recommended by the 1939 Plan.

Also certain agencies came about because of Congressional pressures. I think it is probably true that the War Food Administration came that way; I refer to the great autonomy of the War Food Administration compared with what had been contemplated by the IMP. We had already evolved considerably by Pearl Harbor and it was almost impossible to start from the ground again.

COLONEL NEIS: Do you think it was impractical to establish an over-all agency such as the War Resources Administration, which was supposed to be the service agency, because of the developments which had occurred in the meantime?

DR. KENNY: I think probably it was.

QUESTION: Would you care to comment on the influence or to what extent the requirement for considering bids on procurement entered the picture before Pearl Harbor?

DR. KENNY: One area that had been planned for was, of course, that involving allocation of facilities. The Army and Navy Munitions Board, as many of you know, had made surveys of industrial plants and had

allocated facilities of those plants, a certain percentage to the War Department, a certain percentage to the Navy Department, leaving the residue for civilian use. Those plans apparently were discarded for this reason--there was no way of implementing them until authority was available to negotiate contracts instead of letting contracts on open bids. So I think it is very clear in that particular area of planning that we did not have the legal authority at the time to carry out the IMP.

QUESTION: One criticism of the 1939 Plan was that it was not sold sufficiently to Congress and the people. Had any effort been made by the War Department to inform Congress of the plan?

DR. KENNY: The IMP was published and I imagine certain elements came out of hearings at various times. I don't think there was any great effort to sell it directly and over-all to the public. Of course, some parts of the public came in touch with it. I mentioned the industry advisory committees of the old ANMB. Undoubtedly, the members of these committees knew something about those plans. Similarly in certain other directions I think there was some knowledge, but certainly there was no over-all general knowledge. That is why I believe that, if for no other reason than because these new agencies which are going to be composed pretty largely of regular civilian departments or commissions as well as military services, there will be greater knowledge of any new plans that may be developed. The means exist for a much better selling job. I think definitely that was one thing that was lacking in the past. It is always a problem with the Army particularly, not so much with the Navy, to sell anything over-all.

QUESTION: My question is along the same line. On the 1939 Plan, as I understand it, the Army and Navy Munitions Board was more or less the work horse. Now that we have a National Defense Council, a National Security Resources Board, and a Munitions Board, which agency is responsible?

DR. KENNY: Well, the Munitions Board is responsible in a certain area, just in the military area. The National Security Resources Board is responsible for plans for economic mobilization. I am just guessing now because this is all new--but judging by the law, the National Security Resources Board would use the Munitions Board in the military area in developing these over-all plans. Under the law, before the war the Assistant Secretary of War was given the responsibility for industrial mobilization planning. That job, in cooperation with the Navy, was given to the Army and Navy Munitions Board. That was the over-all plan. Now, the Munitions Board planning will be limited to a particular area; the results of its planning will flow up, I presume, to the top boards and an over-all plan will be developed by them.

COLONEL NEIS: Might I add something there? The plan that we have mentioned on several occasions was constituted in two parts. The first one was the Procurement Plan, which was the determination of military requirements, the allocation of facilities, educational orders, and that sort of thing. Then, Mobilization of Industry to support that phase of the plan constituted the second part of the plan.

Under the National Security Act of 1947, the Munitions Board is charged with the procurement planning aspect and the National Security Resources Board is charged with the economic mobilization aspect. It seems that the Munitions Board must first do its work. In other words, what do we need? When do we need it? So they are going to have to be tied together a little more accurately than the legislation out so far would indicate.

QUESTION: Dr. Kenny, the statement used to be made that Germany had taken our Industrial Mobilization Plan and used it most effectively. Now that the war is over and we have had an opportunity to study just what they did over there, do you know whether there are evidences that they used our plan or whether or not what they developed was more or less their own planning and any similarity between their plan and our plan might be merely coincidental?

DR. KENNY: I am not very familiar with the German plans. I think there was a talk, or at least material is available from a lecture or seminar last year that goes pretty thoroughly into that field.

My impression is that in actually operating their economic mobilization during the war they took over very little of our plan. That is my offhand impression, but I really don't know too much about it.

COLONEL NEIS: Would anyone from the General Resources Committee care to comment on that?

DR. KENNY: Any other questions?

QUESTION: Dr. Kenny, assuming that our new Council does prepare a plan and that we have an M-day, what is going to be necessary in order to invoke that plan quickly? Does the President have power enough to invoke the plan or must it go to Congress and must they kick it around for a bit?

DR. KENNY: I think the new agency has two jobs: first, prepare a plan; second, recommend legislation which will permit it to be implemented immediately. Of course, the President does have certain powers, emergency powers that would come into existence, but there are always constant changes in these directions. I think there are really two jobs in the new agency--to prepare a plan and to consider and recommend to

the President legislation that should be enacted which would permit its implementation. I think there are these elements to the job.

QUESTION: You mentioned during the lecture that the problem of coordination of government war agencies was not solved. I wonder if there has been any development in the organization which would make that coordination better?

DR. KENNY: I think there have been developments which would permit better coordination even though you don't provide for an over-all coordinating agency. In the first place, Congress has adopted a reorganization plan of its own, as you well know, and that in itself, it seems to me, is of some assistance in this direction. And of course reorganization plans for the Executive Branch should permit better administration coordination. On top of that there has been an evolution by which the Bureau of the Budget, for example, is getting more and more into the over-all planning in this field of administration.

So I think there have been definite developments in the last ten years outside of any specific correlating agency. For security purposes, of course, the National Security Act of 1947 might imply that these new agencies should be constituted as a coordinating agency in time of emergency. I mean they could recommend that they be so constituted, but at the moment, of course, their only function is that of advice to the President.

QUESTION: Prior to the war and during the war was there any agency comparable to the Central Intelligence Agency under the new security act?

DR. KENNY: No, I know of no agency prior to the war that was comparable to our new intelligence setup. We had Military Intelligence, we had Navy Intelligence, and, of course, we had the field people of a number of Departments, with reports coming in from State, Commerce, and Agriculture. I suppose some of that information was of interest from a security point of view, but I know of no coordination in that direction prior to the war.

COLONEL NEIS: Are there any comments from our visitors? Are there any comments from the faculty?

Thank you very much, Dr. Kenny.

(30 September 1947--450)S/jh