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FACTORS AND OBJECTIVES IN MILITARY PROCUREMENT

9 January 1948

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GENERAL MCKINLEY: Ladies and Gentlemen, this morning we are privileged to have as our lecturer Major General Clinton F. Robinson who is currently the Secretary of the National Security Resources Board.

Throughout the war General Robinson headed the Control Division of the Central Management Control Agency of the Army Service Forces. In this capacity he participated actively and decisively at the top staff level in the investigation, analysis, and solution of the many organization and management problems which faced the Army Service Forces. Among the many problems handled by General Robinson were those relating to purchase, which were of basic importance.

In view of the broad management control aspects of his wartime experience, General Robinson's talk will, I am sure, prove most helpful in setting the organizational and administrative foundations for your current problems in the purchase phase of this course.

I take great pleasure indeed in introducing General Robinson.

GENERAL ROBINSON: Good morning, gentlemen; General McKinley. I am going to confine my talk this morning to one specific phase of procurement, that is, the organizational aspects of purchasing supplies and equipment for the Armed Forces. That phase has been the subject of much discussion and debate, both in the past and at the present time. It was a major subject of discussion in the hearings that led up to the National Security Act which was passed last July. The finger of inefficiency has been pointed at military control of procurement. So-called duplication in procurement is held up as a very terrible thing. On the other hand, how many times have we heard that it would be the ruination of one of the military services or a branch of a service if it lost the power to purchase its equipment. There are advocates of centralization and there are advocates of decentralization. It seems that everybody has his own ideas on this subject and everybody is an expert. Let us attempt this morning to analyze some of the specific problems involved, in an objective manner.

The first consideration that arises is whether the Armed Forces should purchase their equipment and supplies or whether this responsibility should rest in a civilian agency outside the Military Establishment. This came up several times during the war. Mr. Nelson, in the War Production Board, had the authority to transfer procurement responsibility from the Army and Navy. He never exercised it, and I believe he never had any intention of doing so. On the other hand, there were a great many individuals in the War Production Board who did advocate the transfer of purchase responsibility

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to WPB or some other civilian agency. At one time during the late war this proposition was seriously considered in Congressional committees. I can recall personally prepared testimony to combat that idea.

Now, there are two sides to the question, not just one. The arguments for a civilian agency are not without merit. It is important that the officers in the Armed Forces, who have anything to do with this problem, understand these arguments. The chief arguments are in the following vein:

In time of war the Armed Services have a tremendous task to do, without being saddled with the additional, complex task of procurement. Wartime procurement requires extensive economic controls and a close direction of all the underlying factors of production, such as materials, labor, facilities, power, and transportation. In accordance with our type of government, this direction and control must be exercised by the civil side of the Government. The argument goes, therefore, that procurement cannot be readily separated from these controls. Many items of military equipment have their counterparts in essential civilian production in wartime. The argument continues that their production in time of war should not be divided between the military and civil. Civilians are more versed and are better qualified to handle procurement and deal with industry than are the officers of the Armed Services.

These were the chief considerations that led to the creation of the British Ministry of Supply in World War II. That Ministry, which was completely independent of the Military Establishment, as well as the British Ministry of Aircraft Production, which was also independent of the Military Establishment, demonstrated during the war that the procurement of military supplies and equipment can be placed in the hands of a civil agency without disastrous results.

I have talked to many British officers who think that our system is better. On the other hand, I have talked to many British officers who think that their system is better. As a matter of fact, after the war was over, the British considered the performance good enough to combine the Ministry of Aircraft Production with the Ministry of Supply and to retain the latter as a permanent agency of their government to purchase supplies and equipment for the Army, the Air Force, and partially for the Navy.

At the beginning of World War II, in Germany, military procurement rested with the Army, the Air Force, and the Navy. With the German defeat in Russia in the winter of 1941-1942 and the German realization for the first time that an all-out industrial mobilization was necessary, procurement for the Army was largely taken over by the Speer Ministry, a civilian agency. Subsequently, Speer took over the direction of procurement for the Navy and finally the Air Force. This civil control of military procurement in Germany was far from unsuccessful. As a matter of fact, Speer managed to almost triple the output of munitions from the early part of 1942 to the fall of 1944.

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Here in the United States, the Armed Services have always claimed that responsibility for the purchase of their equipment and supplies must rest with the services. The chief argument to support this claim lies in the intimate relation of military operations and military supply, including procurement. The supply process starts with research and development and requirements, which are dependent upon tactics and strategy. It then moves through procurement, to storage, distribution, issue, and finally salvage. To lift procurement out of that chain would break the chain. Military operations are dependent upon supply, and responsibility for one must mean responsibility for the other.

The arguments go on with such statements as: It is impractical to make up a shopping list of military supplies and equipment in time of war and turn it over to some other agency for execution. Requirements and production schedules must necessarily be in a constant state of revision to meet changing, strategic and tactical conditions. Front-line experience must be promptly reflected in the production line.

Now, here we have two diametrically opposed points of view. We also have experience for both arrangements and fairly successful experience for both methods. To my mind the nub of the problem is somewhat as follows: On the one hand, military procurement in time of war is intimately related to all the economic controls and production controls necessary in a modern total war. On the other hand, military procurement is intimately related to strategy, tactics, and is an intimate part of military supply. One principle of organization is that you should combine as nearly as possible related functions. From this basis we are pushed in opposite directions. Which is more important, the first relationship or the second, in setting the organizational pattern for military procurement?

I personally consider that there is no perfect solution to the problem. I favor military responsibility. My chief reason for doing so is that the most important consideration in time of war is an effective Army, Navy, and Air Force. We may be able to afford some ineffectiveness in the civil support of the Armed Forces, but we cannot afford to take any unnecessary step that might impair the Armed Forces themselves. In other words, the end result we are after is the defeat of the enemy, which we achieve primarily through our Armed Forces. Therefore, the emphasis should be on meeting the needs and considerations of the Armed Forces.

In addition, in some measure, it is possible to compromise most of the advantages of civilian control, although the responsibility is lodged in the Military Services. Supervision of procurement by the civilian under secretaries of the three departments and the civilian chairman of the Munitions Board; the use of qualified civilians in key positions within the procurement agencies of the services, either in or out of uniform, plus a thorough realization of the industrial and economic factors involved, go a long way toward meeting the arguments for civilian control.

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I think that is about what happened in the Army and Navy during the late war. The War Department, under Secretary Patterson, had a thorough realization of the civil side of the military procurement problem and kept very close control of the War Department's procurement. I think the same situation existed in the Navy. There was a very liberal use of qualified civilians in key positions. As a matter of fact, at one extensive period, during the war in the Army Service Forces, the purchase and production divisions of that organization was headed by a civilian in civilian clothes.

The National Security Act of 1947, at least by implication, has gone a long way toward settling the debate. It leaves military procurement in the hands of the Army, Navy, and Air Force, and gives coordination and supervision of procurement within the Military Establishment to the Munitions Board, which is part of the staff of the Secretary of Defense. It charges the Munitions Board with military requirements, procurement assignment, standardization of specifications, priorities, estimates of production, and recommendations for combining procurement agencies.

It seems unlikely to me that this situation would be changed in time of war unless there should be a really disastrous breakdown on the part of the Military Establishment in carrying out the procurement responsibility. On the contrary, I visualize that over the years, and particularly if we get into another war, the Munitions Board will become a strong agency in coordinating, supervising, and directing the procurement and related activities within the Military Establishment. It may even become an operating agency for common functions and common supplies. I visualize that it may even carry on some of the activities that were lodged in the War Production Board in the late war, which were very closely related to military production.

Here is an important point though. It must be realized that, even if the responsibility for procurement is clearly lodged in a military establishment, this responsibility cannot be completely self-contained and independent. In time of war, the production of military equipment and supplies is dependent, as I said before, on economic control and controls over all the underlying factors of production. These controls are necessarily a civilian function. Military procurement must be subject to the policies, regulations, and methods of the civil agencies of the government that are involved in these controls in time of war, such agencies as the Office of War Mobilization, Office of Defense Transportation, Office of War Manpower. The procurement agencies within the Military Establishment must take a great many policies and regulations from these agencies.

Assuming that the responsibility for military procurement will always rest in the Military Establishment, the second major consideration that arises is, how shall it be organized within the Military Establishment? During World War II, there were eight major procurement agencies, including the Air Force, and several minor ones in the War Department. There were, likewise, a number in the Navy Department.

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This large number of separate procurement agencies within the National Military Establishment has been pointed out as inconsistent with the idea of unification and as an inefficient method of organizing this responsibility. Much has been written and said about a single procurement agency for the Military Establishment. It has been claimed that such an agency would save large sums of money. I personally have been involved in trying to make estimates of how much would be saved, and I can assure you that most of the estimates are on very tenuous grounds.

On the other hand, the claim has been made that the Navy, the Air Force, the Army, or the various bureaus and services within these three forces, could not possibly operate effectively unless they had control of their own purchase of supplies and equipment. Here again in my opinion there are two sides to the question.

Let us look at some of the factors in more detail.

The first thing I think we have to do is to see what are the activities that constitute this word procurement. They fall into three distinct categories.

The first category includes such matters as procurement regulations, pricing, contract provisions, bidding methods, renegotiation, and methods of payment. In other words, all the administrative side of the activity.

The second group of activities involved in procurement is the programming phase. This involves the determination of requirements, being sure that the entire program is in balance, that there aren't too many guns for the ammunition. This leads to the problem in time of war of allocating materials, manpower, and facilities in short supply in accordance with a balanced program.

Then, the third large category of functions, which might be termed the operating side of the job, is the actual negotiation or awarding of contracts, the placing of orders, the administration of contracts, follow-up on production expediting, inspection, delivery, and acceptance. In analyzing the organizational problems we must keep these three types of activities in procurement well in mind.

Now, there is no virtue in uniformity just for the sake of having uniformity. On the other hand, uniformity on the administrative side of the procurement job can bring valuable results and in my mind is essential. It is a real advantage to such a company as General Electric to deal with the Army, Navy, and Air Force on the same terms and under the same systems and methods. There is a real advantage in picking out the best methods that are developed in any one part of the organization and using them throughout the entire organization. There is a real need for what might be termed a universal system in these activities to prevent conflicts and malpractices.

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Regardless of what else is done about organizing the procurement job, within the Military Establishment it seems obvious that there must be a central, uniform supervision and direction of the administrative functions involved. This can be accomplished by having a top staff arrangement, with clear-cut authority in this respect, such as the Munitions Board, or it could be done through the mechanism of a single procurement agency.

By the same token, in the programming functions of procurement, there must also be a high degree of uniformity and single direction in times of war.

Now, these activities of programming in times of peace are not very important and we often lose track of them. The reason they are not so important in time of peace is that there aren't very many shortages. There is no necessity for an allocation or a priority system. Everybody can produce much go off and buy what they need without getting into conflict with anybody else.

But that is not true in time of war. In time of war the situation completely changes. There must be a system for taking care of these programming functions. You can't permit the procurement agencies to compete against each other for the available facilities, materials, and labor.

While an aggressive, go-getting Ordnance Department in the Army, or a similar Quartermaster Corps, is a highly desirable thing, it cannot be permitted to get more than its share, because, if it does, it will throw the entire procurement program out of balance.

Total requirements for materials, facilities, labor, and anything else in short supply must be determined and compared with that which is available, or that which is allotted to the Military Services by some outside civil agency, such as the Office of War Mobilization. Then allocations have to be made to the procurement agencies in accordance with a balanced procurement program.

Necessarily, this must be a centralized job. It is the only possible way of doing it. There must be an agency at the top of the Military Establishment to perform this series of functions and to supervise the corresponding activities within the procurement agencies below.

A great deal was said during the war about the size of the staff that the Army Service Forces had and how much larger it was than anything of that nature during peacetime. Well, here is one of the reasons that that staff was large. There were certain operating functions that just had to be performed at the top level as a centralized matter. You had to bring all the requirements together, add them up. You had to treat the total availability in one spot. You then had to make allocations

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and do it in a way that would give a balanced program. You can't leave such allocations to the Ordnance Department, the Quartermaster, the Navy, or the Air Force.

In the third or operating part of the job, it is possible to achieve an effective performance through either a single procurement agency or a number of agencies. It doesn't make a great deal of difference to my way of thinking. Even if you concentrated all the procurement in one agency in the Military Establishment, the very next day you would have to turn around and begin to divide that agency into commodity divisions. On the whole, we have it divided on the basis of commodities now. The Technical Services in the Army are, generally speaking--not completely, but generally speaking, organized for the purchase of supplies and equipment on a commodity basis.

Now, there is an advantage in having these commodity divisions in a single procurement agency. That advantage lies in the fact that you thus get them organizationally close to the other two major categories of functions that I am talking about, which have to be in a top agency. The advantage of having these operating functions within the three departments of the Military Establishment or within services or bureaus of the three departments, lies in this fact--when they are there, they are closer to the user.

It seems to me that all this argument about the organizational location of the operating phases of procurement responsibility is a purely relative matter. From one standpoint, the ideal situation would be to have the user responsible for purchasing his own supplies and equipment. Then, theoretically, he would get what he wanted when he wanted it. Of course, this is impossible. The tactical units of the Armed Forces could not fight and procure equipment at the same time.

Take the Department of the Air Force at the present time. That department has concentrated all its procurement and related activities in one materiel command for the entire department. Go to one of the technical services of the army, and you will find within it a separate little cell for procurement.

The arguments are relative in another phase, which has to do with particular items. Some items you can practically buy off the shelf. Other items, such as battleships are hardly a procurement activity at all. They are construction problems. It is the difference between going in and buying a necktie in a store and having a house built for yourself. Certain weapons are extremely important to the user, such as airplanes, tanks, or aircraft carriers. Other items, such as food, clothing, and gasoline are just as essential, but they are more or less taken for granted. There is not the same objection to centralizing these as there is to the more important items.

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It is also relative with respect to time. You get a new weapon and there is always that tendency--it is a good one--to pull it out, make it separate, emphasize it. You go through the years and it loses that initial importance. People begin to take it for granted. Then they don't much care who buys it. As, for example, the Army buying all the rifles for the Navy.

This leads up to the question of duplicate procurement. Duplication with reference to procurement has been a very loosely used term. Some people have the idea that if there are two separate organizations purchasing, that is duplication. By duplicate procurement I mean the purchase of substantially the same item by more than one procurement agency. That is all I mean by it, such as bed sheets by the Quartermaster and the Surgeon General, or fuel oil by both the Army and the Navy. Except for the natural human tendency not to want to give up anything, not to want to change, there seems to me to be little excuse for prolonging real duplication in procurement.

My personal view in this whole matter is that we should head for a single procurement agency within each of the three departments. The Air Force to all practical purposes already has it. The Army is probably farthest away from it. Real duplication in procurement should be eliminated by procurement assignment to the principal user. Then, I think that there would be tremendous advantages in heading for a single procurement agency for common items for all three services. On the other hand, I would continue emphasizing and leaving out of that stereotyped organization important new developments in equipment, so they do get the attention needed to bring them to the fore.

The third major consideration in the organization of military procurement is that of centralization versus decentralization. Some officers say that in World War II the Army had a decentralized system, whereas the Navy had a centralized system. These words "centralization" and "decentralization" are used rather glibly. They mean different things to different people. Let us analyze it a little more closely.

First, we have the proposition of concentrating procurement operations in a headquarters office, versus decentralization on a regional basis, such as the procurement districts of the various technical services of the Army. Another way of stating the proposition is this: Which is better--organization on a commodity basis or on a geographic basis? By that I mean, should we concentrate the purchase of all quantities through one office or should we purchase all items in a given area through one office in that area? There are distinct advantages to both methods and there are distinct disadvantages.

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First, take the district or regional type of organization. One of the chief advantages is proximity to and more intimate relations with the producers in that area. Then there is the advantage that the manufacturers do not have to deal with more than one government office. Regional organization facilitates inspection, procurement expediting, as well as the administration of contracts. It also aids in coordination and cooperation on a local basis with other agencies of the Government.

Some of the disadvantages of this regional type, of course, are the lack of uniformity and coordination in the purchase of the same item throughout the United States; the difficulty in dealing with national manufacturers and with industries as a whole.

The commodity basis of organization has a great deal of merit. That basis on the whole makes it easier to parallel the commercial and business practices in the United States. It minimizes the problems of dealing with a manufacturing industry as a whole, such as the automotive industry. It facilitates proper procurement planning and scheduling, and the placement of contracts. The commodity basis permits the placing of the operating procurement office in close proximity to the centers of industry. An example was the Tank Automotive Center of the Ordnance Department in Detroit during the war. Another example was the fact that the Quartermaster concentrated the purchase of shoes in the centers of the shoe industry in Boston and St. Louis, something you couldn't do if you went to a purely regional organization.

On the other hand, if you use the commodity basis, then you get into an overlapping of all the functions that you have to carry out on the ground, such as inspection in the plants. You might have a dozen different inspectors under a purely commodity basis in one city, each one independent of the other and reporting to a different unit back at headquarters.

Here again there is no perfect solution. We must resolve the problem by attempting to utilize the best in each method of organization. It is my personal view that preference ought to be given to the commodity basis. At least procurement planning, procurement scheduling, placement of contracts should be carried out on that basis. There should be a central office for each commodity. District or geographic offices should then be confined purely to the activities that can but be done on the ground, such as inspection, production expediting, and the day by day administration of contracts. In other words, what I am suggesting is that there be one central operating office for each commodity or group of similar commodities. The United States would also be divided into a number of procurement districts. These districts would work for all the commodity divisions but with limited functions.

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There are many other troublesome problems in the organization of procurement. There is the question of independent inspection for quantity and quality. There is the question of relationship to research and development. There is the question of standardization of specifications. There is the very troublesome question of translating rapidly the experience of the fighting forces in the field into desirable changes in design in the production line; something which I don't believe we have ever solved satisfactorily.

There is the problem of the relationship of the procurement organization to budgetary and fiscal organization. There is the large field of relating storage and distribution to procurement. The time allotted to me this morning does not permit me to go into those matters in detail. What I have attempted to do rather is to discuss the three major considerations in the over-all problem of organizing procurement.

To summarize, these three major considerations are:

First, the problem of civilian versus military responsibility. That has been settled, at least for the time being, by the National Security Act. But because it has been settled, I don't think we should forget it. We should understand the civilian side.

The next consideration is how to organize military procurement within the Military Establishment itself. That divides itself into two major phases. The first is a single procurement agency versus a number of procurement agencies. If there are a number of procurement agencies, there must be a top staff agency for two great groups of functions in procurement, the administrative functions and the programming functions. Finally, there is a problem of commodity versus area organization, centralization versus decentralization. There, I think we ought to favor the commodity basis but try to combine the best features of the district type of organization by assigning to the districts the functions of a more or less routine nature which can better be performed near the manufacturer or in the plant.

Regardless of my personal views on the problem of organizing military procurement, or regardless of yours, I am sure of one thing: In the organization of military procurement we are not dealing with an exact science but in matters of judgment. The only thing that I strongly urge is that we try to analyze the problems involved intelligently and dispassionately, and that we attempt to find the most effective solution without prejudice, service pride, or preconceptions.

Thank you very much.

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GENERAL MCKINLEY: Gentlemen, you have there a lot of food for thought. General Robinson has very kindly offered himself for questioning.

QUESTION: Should the OPA or the military handle price control?

GENERAL ROBINSON: There are two reasons for using price control in wartime. One is as an incentive for production. The other reason for price control in wartime is to protect consumers.

On the whole in the late war there was little price control of military items. They tried to hold price ceilings on the basic materials in short supply that went into military items, but so far as the cost of the end-items was concerned, it was pretty much left up to the Army and the Navy. Whether that is the best way of doing it, I don't know. It is true that if the military procurement is not subject to ceilings, you begin to endanger your economic stabilization program.

QUESTION: General, you stated that you favor the commodity type of purchasing and you restricted your discussion to those things within the Military Services. What is your attitude toward commodity purchases which are used extensively throughout the Government. We will take such things as office supplies, as an example. Should they be purchased by the military, by the War Production Board, by the Treasury, or by whom?

GENERAL ROBINSON: Treasury Procurement. It could be, and I don't think that you would get into too much trouble. From one standpoint, the closer the purchasing is to the user, the better off you are. From the other standpoint, that is not true--the better off you are with centralized procurement. It is a question of judgment as to where you actually put procurement. Take your choice, really.

DR. YOSPHE: General, even where we follow the commodity approach of organization, we find that the Services have inevitably built up procuring offices in the same city or in the same region. I would like your comment on the merits of a proposal which is being considered in the Army for bringing together the procuring offices that are in the same city for administrative housekeeping and other functions, such as the writing of contractual instruments, legal work, fiscal work, cost accounting, termination, and property disposal, which are common regardless of the type of item you procure?

GENERAL ROBINSON: If you had within the Army one single procurement agency, you would have under that agency commodity divisions, pretty much the way we have them now, engineering equipment, signal equipment, all the quartermaster items, ordnance items, and so forth. You would have to procure by commodity anyway. These divisions wouldn't necessarily be in Washington--like the Detroit situation of the Ordnance Department during the war. In addition you would have a regional organization of district

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offices. The district offices--there would be only one in each region--could serve all these commodity divisions. It may be that that is the most efficient way of organizing procurement.

COMMENT: General, I am from over the water and I just want to say one word about the Ministry of Supply. You described it as being independent of the War Office and the Air Ministry. While that is perfectly true, it is apt to give a rather false impression of how the Ministry functions to those who are not familiar with it. I would like to make the point that the liaison between the Ministry of Supply, the War Office, and the Air Ministry is very, very close.

GENERAL ROBINSON: I know that. I was over there last summer and had an opportunity to spend four or five days at the Ministry. The actual scheduling of production, as I understand it, was pretty much controlled by military officers who were part of the Ministry of Supply, isn't that right?

COMMENT: Yes. But that liaison is founded on something deeper than that, that is, it is clearly understood by the War Office, the Air Ministry, and also by the Ministry of Supply that the Ministry of Supply is really the servant of the War Office and the Air Ministry and is there to produce the goods.

GENERAL MCKINLEY: We have a visitor from the Ministry of Supply. Perhaps he would like to comment on that.

COMMENT: As we have heard from the War Office side, one of our reasons for having the Ministry of Supply is that we rather fought the problem as to whether it should be a service procurement agency or a civilian one. While the Ministries of Supply and Aircraft Production now are merged and it sounds as if it is entirely civilian, the operative agencies are divided so that the real work in research, development, and design is done by civilians, but the control is by military officers in the Ministry of Supply. The production side is almost entirely civilian. The questions of finding capacity for production, the whole of the business of arranging contracts, and so forth, is entirely civilian. The inspection department is greatly civilian in your inspectors and examiners, but again with complete military control, because that is the inspection agency of the buyer.

Last of all, there is one most important thing, that in all the development and proving each commandant of a proving establishment has in his charter that he has direct access to the War Office. That prevents any pressure being put on him--during the war we had some of the big business gentlemen in the Ministry of Supply--to force him to say that a particular piece of equipment was a good one when in fact it was not. So all these commandants are protected by having direct line of approach to the War Office to say what they think.

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GENERAL ROBINSON: I think my fundamental impression about it when I was over there last summer is this: That there is no question but what the system works and works well. I doubt if it would work for us because I think you have one thing in your government that we don't have--maybe you have been at it longer than we have. I am always impressed with everything about your government but one thing, and that is that you seem to be able to coordinate and cooperate with one another a lot better than we do. I am always impressed by the fact that top people in your government can lay aside their own job and consider the whole problem, and it very seldom happens that way in our government.

GENERAL McMINLEY: We fundamentally suspect our civil servants but they trust theirs.

GENERAL ROBINSON: We fundamentally suspect everybody except ourselves.

QUESTION: With regard to relating the military programs to the civilian, the National Security Act provides that the Munitions Board coordinate military requirements and correlate them with the civilian economy by liaison with other government departments. The National Security Resources Board is made an advisory Board to the President. I don't know about any Executive orders or what is in the wind there, but I am wondering about that coordination of military requirements. Even if they do a perfect job and get a perfect program, as they see it, when they merely have liaison with other government agencies, how can a satisfactory job be done for industrial mobilization?

GENERAL ROBINSON: Well, the Munitions Board is primarily not charged with industrial mobilization any more. The National Security Resources Board is. The primary jobs of the Munitions Board nowadays are two, as I see it, and if you will read the law carefully, you will see that they are military requirements and the coordination and supervision of military procurement. They present their requirements to the National Security Resources Board. That board tells them how much they can have.

QUESTION: I didn't mean to imply that the Munitions Board was supposed to have that. My question is, who is going to do it? Is the National Security Resources Board?

GENERAL ROBINSON: The National Security Resources Board looks after the whole civilian part of it.

QUESTION: The reason I asked the question was that all I had to go on was the act, and the act itself to me indicates that it is going to be an advisory body to the President and that it is going to have to do a lot of studying. I didn't realize how it would exercise functions of coordination.

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GENERAL ROBINSON: I visualize that the National Security Resources Board will become the Jimmy Byrnes Office in the next war.

QUESTION: General, you indicated in your talk that in order to insure proper coordination in the late war it was necessary for some of the responsibility normally assigned to the Services to be taken over by the directing heads. For example, Service and Supply had to add up requirements and had to add up resources, and so forth. Granting that that is true, can we hope to achieve maximum efficiency under your re-organization plan unless the Secretary of National Defense Office extends its activity to include certain operating functions.

GENERAL ROBINSON: He can use the Munitions Board. That is what it is for. That is part of his staff for these very things I am talking about.

QUESTION: What I was talking about is this: he is the requirements officer to present a coordinated budget?

GENERAL ROBINSON: That is right.

QUESTION: Now, can he properly prepare a coordinated budget request unless he has control over fiscal data that go into the justification backing up this request?

GENERAL ROBINSON: He has those agencies: the Munitions Board, the Research and Development Board, and the Joint Chiefs of Staff. Now, he has in his own office right now, and as the major part of his office, a fiscal and management setup. That is about the only staff he has built up today.

QUESTION: I would push that one step further. Inasmuch as it is everything and inasmuch as the work of the fiscal office will depend to a large extent on the validity of the statistical fiscal information which the services will have, you can't get it from the Munitions Board, those estimates are prepared in each one of the Services, the point I am making is that in order to be sure that he is achieving maximum efficiency and the minimum of expense in presenting a coordinated budget, it seems to me it is quite necessary for him to get into the operational field.

GENERAL ROBINSON: To get what?

QUESTION: To get into the field of actual operation and control. Unless he takes all the requirements and unless he adds them up, he has no assurance that the maximum efficiency is being achieved in the expenditure of funds in the various departments.

GENERAL ROBINSON: I don't quite follow you. Maybe the word "Board" confuses people, but the mere fact that it is the Munitions Board doesn't

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prevent it in any way from acting as a staff agency and part of the Office of the Secretary of Defense. That is exactly what is being done now, and that is the way it is going. Now, if you want to know how to get up a proper budget--I have some ideas on that, but it would take 15 minutes to explain it. I don't think the military services have ever done it properly.

GENERAL McKINLEY: General Robinson, thank you very much indeed. We certainly have enjoyed this immensely.

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