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ECONOMIC MOBILIZATION PLANNING UNDER THE NATIONAL SECURITY ACT OF 1947.

24 May 1948

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COLONEL NEIS: General Vanaman, General Robinson, and gentlemen: For the last nine months we have been intensively studying the various elements involved in economic mobilization. Currently we are, very much interested in the organizational setup of a tentative economic mobilization plan. This is our opportunity to learn of the current thinking that is going on in the National Security Resources Board in respect to a plan structure. We are extremely fortunate this morning in having with us Major General Robinson, who is currently engaged in the development of the National Security Resources Board.

GENERAL ROBINSON: General Vanaman, Colonel Neis, and gentlemen: This morning I am going to try to relate the work that we are doing in the National Security Resources Board to what you have been studying for the last few months. You are probably all very familiar with the National Security Act and its organizational setup; but I would like in the beginning to say a few things about the Board.

In the first place, under the law the only authority that the Board has is to advise the President. Under an Executive order we do have authority to require other departments and agencies of the Government to furnish us information and to undertake planning projects for us. But it is significant that the Board at the present time has no authority to direct anything. All we can do is to recommend to the President.

The legislative history of the National Security Act indicates clearly that in providing for the Resources Board it was the intention of Congress that in time of mobilization or war the Resources Board would become more than simply a planning agency. Some witnesses and some Senators and Representatives stated in the record that they expected the Board to become an operating organization in time of war.

The difficulty is that we never get into mobilization periods suddenly. They grow on us gradually. There is a situation right now where possibly the Board should be doing more than simply advising the President. I do feel that, if we should get into even a partial mobilization, the issue would have to be settled; and I think it should be settled in favor of the intent of the Congress when the law was passed.

Now, it is true that the Board has a considerable amount of influence. Its membership, consisting of seven members out of nine in the President's Cabinet, is not insignificant. If those seven cabinet officers are in agreement about something, there is naturally a great deal of weight attached to that agreement.

four fields that probably cannot be covered completely by the use of any permanent departments or agencies of the Government. All the other war functions, I believe, can be performed in some permanent department or agency of the Government; and that is probably the better way.

In connection with wartime organization, we have a tentative roster of key personnel to fill the important jobs. As I say, it is only a tentative roster. We have not gotten to the point of picking on any one man for any one post, but we do have a list of candidates.

The second large field of planning for economic mobilization, has to do with the administrative mechanisms that are necessary to direct the country's economic activities into a war effort. I mean by that such procedures as the Controlled Materials Plan, a rationing system, a taxation policy, the controls with respect to transportation, and all the systems and devices that are necessary.

Our philosophy in this respect is that we did a good job during World War II. It is true that almost anyone who was intimately connected with it can make a prolonged harangue as to what was wrong, and probably with a great deal of justification. But when you look at the broad picture, we really did a fine job. We did much better in the economic field than any of our allies or any of our enemies. There is a great deal of experience here which should be helpful. Take, for example, the Controlled Materials Plan. About two and a half years of fumbling and trying other schemes led up to that plan, and it worked. We should not throw that experience away. We do not believe that you should go off into a vacuum and try to draw up schemes that have not been tried. Our idea is to take what we had when the war ended, try to get rid of the obvious mistakes, and start off from there.

However, there is one field, in which, I don't believe, that course can be followed. That is in the field of manpower. I think that the majority of intelligent opinion on the subject is to the effect that we did a poor job in the field of manpower during World War II; and that, if the war had gone on much longer and some drastic changes had not been made, we would have been in very bad shape. The major bottleneck in war production in the last year of the war was manpower.

We have already prepared some drafts of legislation to cover the utilization of manpower in time of war. Whether it will ever be politically feasible to have national service, I don't know; but we are thinking and working along those lines.

The most significant thing that we have done in the field of administrative mechanisms is an omnibus bill of war powers. In other words, we have written in one draft legislation all the powers that the Executive

Finally, the fifth category of activities might properly be termed industrial mobilization. It has to do with military procurement planning. Here is the main dividing line now between the Resources Board and the Munitions Board. The Munitions Board is a staff agency for the Secretary of Defense, to coordinate and supervise current procurement and planning for war procurement within the three Military Services. Here is where you get right down to the core of our industrial preparedness. What will pay off in time of war is to be in a position where the procurement agencies of the three Services have made plans with the individual manufacturers to produce the end-items that the Military Establishment will require. Everything else that we have been talking about is really a service toward that end.

As you probably know, the Munitions Board is doing a great many things in this field. Some of them are of direct interest to the Resources Board, and we are cooperating with the Munitions Board in them. The allocation of productive capacity is now going on. Unfortunately, we suffer here again from the fact that the procurement agencies do not have a definite idea of what will be required in time of war or the quantities; so that the production planning that they can do with General Motors or General Electric or whatever firm it may be is on rather tenuous grounds.

I think one of the most significant things the Munitions Board is doing is the unification of all procurement regulations. It is my understanding that within another thirty days the Munitions Board will publish a complete, single manual to cover all procurement activities in the three Services. That will be of enormous help to the manufacturers in case we get into another war.

I don't know whether you know it or not, but the Munitions Board has made single procurement assignments to the extent by dollar volume of about 70 percent of the procurement of the Military Establishment. That is a very significant thing.

The Munitions Board is also embarked on a standard nomenclature and cataloging system. Undoubtedly millions of dollars were wasted during World War II because we did not have such a system. It is not an easy thing to do; and if the Munitions Board gets it done within the next couple of years, they will have done a remarkable job.

So much for the over-all picture of what we think economic mobilization is. Let us look for a few minutes at the present situation.

In the first place, I don't believe, as some of the newspapers are trying to make out, that we are in a period of even partial mobilization; and certainly we are not embarked on a full mobilization. There is much public misunderstanding about that. We are getting twenty or thirty letters a week from manufacturers all to the effect of, "I have this plant. What do you want me to make and where and when do I get my contract?"

very large staff. Our objective is about three hundred and fifty. We are making use of the other departments and agencies of the Government. Practically all the projects which I have mentioned this morning are under way in some other agencies of the Government. Primarily what we are trying to do is to initiate the proper projects, review the results, and coordinate them with other projects.

In addition to the other agencies of the Government, we are making extensive use of people outside the Government. For example, we have a transportation study going on at the present time, covering all forms of transportation. There isn't anybody on our staff who is an expert on transportation. That job is being done by a task force of people from private life who had experience with the problem of transportation in the late war. They are doing it voluntarily, without compensation.

There has been some talk about the relationship of the Munitions Board to the Resources Board. It is true that the Munitions Board was doing things that properly under the law now fall under the Resources Board. It is true that they are still doing things of that type. Our relationships with the Munitions Board are very close. We work together day by day. Any legalistic determination of jurisdiction between the two is of no real interest to our staff, or, I believe, to theirs.

In closing I would like to sa y that I believe the Russians understand just as well as we do the importance of being prepared industrially and economically for modern war. I believe that in addition to having a proper armed force the next most important thing that we can do to deter the Russians is for them to realize that we are prepared to turn this world's greatest industrial machine of ours into war rapidly, if we have to. I think what they appreciate, more than anything else, is that our industrial capacity is so much greater than theirs. If we are prepared to use it for war, it will probably deter them as much as anything else. That is the main principle behind the work of the National Security Resources Board.

COLONEL NEIS: Gentlemen, I understand that this afternoon some of you are meeting to make a vital decision in respect to your plans. I understand that the imtegrated versus the coordinated concept is going to be given serious consideration this afternoon. It seems to me that this is unusual opportunity for you gentlemen to ply the speaker with questions that might help you make that decision.

QUESTION: Could you tell us a little more about the draft of the National Service Act, its composition and how it would function?

GENERAL ROBINSON: I don't think I can. I am not familiar with all the details. I know that we have alternative plans.

QUESTION: That is the point I am getting at. They are responsible to one man?

GENERAL ROBINSON: Yes. On the second question, we should have industry divisions in the War Production Administration in the same way we had them in World War II. There was a division in the War Production Board for various end products and for various materials. I contemplate that we would have the same thing.

QUESTION: One of the criticisms of that was that an industry had to go to five or six different places before it got anything done.

GENERAL ROBINSON: I do not believe that the difficulty was in the basic organizational concept. It was in the product assignment. This finally got pretty well straightened out in the War Production Board.

QUESTION: General, in the late war we had an Office of Civilian Defense and a Foreign Economic Administration. It seems that we will probably need them in another emergency. Where do you think they should be placed in this structure we are setting up?

GENERAL ROBINSON: My personal belief--and this is personal because many people do not agree with me--is that the Office of Civilian Defense ought to be a separate agency under the Secretary of Defense. If it is not there, it ought to report directly to the President.

The Foreign Economic Administration embraces the hardest group of functions to organize in wartime, because they cut across almost everything else. We have given some thought to it. One idea is to set up what might be called a coordinating agency, possibly under the National Security Council, and then let the Treasury Department, the Commerce Department, the State Department, etc., each carry out its part of economic warfare. If it is not done in that way and we try to set it up all in one administration, then we get into conflicts with these other departments.

QUESTION: Sir, we have been told that one of the difficulties in proper planning has been the lack of accurate and complete statistics. Is the NSRB making any plans to get those statistics in peacetime?

GENERAL ROBINSON: Statistics of what?

QUESTIONER: Almost all basic information, chiefly on the individual plants, what they can produce, the availability of materials, manpower information on specialists, and so on.

GENERAL ROBINSON: I do not think any generalized answer can be given. There would be little point in trying to get in Washington in one place all the basic information about every industrial plant in the United States

QUESTION: That answers my question except for one point, sir; and that is the question of where would production for civilians fit in. Would that be left in the open?

GENERAL ROBINSON: No. That would be a War Production Board responsibility.

QUESTION: I have accumulated about three questions, sir. One is in regard to public relations. It seems to me that the public should know something about the plans going on and that various parts of the public should be utilized so that they will have some confidence in them. I would like to know if anything is being done along that line.

Another question concerns an agency for calculation of civilian requirements, including defense, to feed the information into you, as the Munitions Board does.

The third question, if you will excuse my asking so many at one time, is with regard to whether you are doing anything about training people whom you require for your own Board or whether there is any such scheme envisaged.

GENERAL ROBINSON: As to the first one about public relations, I do not visualize that any Office of War Information would ever be under NSRB. That is a function of a separate agency. It should be directly under the President. We are not even doing any planning for an Office of War Information.

We are trying to keep business and industry abreast of what we are doing, what we are planning. As a matter of fact, we are getting them to review almost everything we do. As we go along, it is our idea that we should make public as many of our plans as possible and not lock them up in a safe somewhere.

As to your second question about civilian requirements, we already have the Department of Commerce at work trying to make an estimate of what some of the essential civilian requirements would be in case we got into another war. We are not concentrating that all in one agency. The Department of Agriculture should do the same thing for food. We have asked the Office of Defense Transportation to do the same thing on transportation. We will collect all those requirements.

As to your third question about training, I suppose you meant the staff of NSRB.

QUESTION: You said you have a present staff, sir, of one hundred or not quite that and that you need two or three hundred. How are you going to get them if you don't initiate some scheme of training?

QUESTIONER: I gathered that your Board was stymied a little bit and so was the Munitions Board.

GENERAL ROBINSON: That is correct.

QUESTION: Is the answer then that the military must act instead of asking questions of industry as to what it can do for us, that the military must take the initiative?

GENERAL ROBINSON: You must have some idea of how many airplanes you are going to need, how many tanks, how many destroyers, and so on.

QUESTION: General, recently I counted about 360 separate agencies under the Executive Branch of the Government. That was during the war. It would seem to be an extraordinary job to coordinate all those functions, particularly when some of those agencies had more or less related functions. To get back to a prior question, it would seem to me that, because there would be so many of these agencies, when industry tries to get the answer on manpower, material, facilities, allocations, transportation, and power, it has so many places to go to that it is almost a hopeless task to get the answer in some instances. Would you remark further on the coordination of those functions?

GENERAL ROBINSON: Suppose you put all economic war functions in one agency; suppose you put manpower, transportation, electric power--everything--all in one agency; if you were running that agency, what would be the first thing you would have to do? You would have to set up a manpower division, you would have to set up a transportation division, and you would have to set up many other divisions. Before you got through you would be right back where you were.

QUESTION: At the present time the President coordinates 360 industries or agencies.

GENERAL ROBINSON: There weren't that many that were of any real importance. Under the scheme that I was outlining, there would be four very important ones of a temporary emergency nature and probably five or six of a permanent nature.

I might say in that connection that we are also working with the Hoover Commission (the Hoover Commission was appointed by Congress, as you remember, to make a study of the over-all organization of the Government) and have presented the idea to it that whatever scheme they come out with ought to be adaptable not only to peace but to war.

GENERAL ROBINSON: We have recommended to the Hoover Commission that they should seriously study the problem of regional boundaries in the United States, with the idea of requiring all the agencies of the Federal Government to follow the same regional boundaries. Whether or not that will be done or recommended by the Hoover Commission, I cannot tell you. It gets more complicated here, I think, than it does in England because we have all our State and local governments to worry about. If you are thinking about civilian defense, its backbone is the municipal and state health, police, and fire departments.

The only way, so far as I can see, to organize civil defense in the United States is by states and municipalities. If the regional boundaries of the civilian war agencies were the same, then we could have an over-all person in each region from the Office of War Mobilization who could exercise some influence in trying to get coordination in the case of a real emergency, perhaps exercise some real authority.

QUESTION: If the regional boundaries are state boundaries, sir, wouldn't the states rather resent instructions from above?

GENERAL ROBINSON: That is one of the problems to be worked out. I don't mean that every agency must have the same number of regions or have a region for every state. That would be ridiculous for some of them. What I mean is that one agency might have four offices in New England corresponding to four states and another agency might have only one office for all of New England but the over-all boundaries of that one would contain the four states. If you approach it from that angle, then you would never have any overlapping between them.

COLONEL NEIS: We have time for one more question from the student group. How about our Public Health people?

QUESTION: This isn't in respect to public health.

COLONEL NEIS: Go ahead.

QUESTION: I assume that in your NSRB organization you now have the production side, the manpower side, the transportation side, economic mobilization, and the administrative side. You also said you have a bill that would cover all the necessary war powers. Is it a bill that would change the NSRB into the Office of War Mobilization and in which these branches that are in NSRB would immediately take over the jobs that you are using them for now, the planning jobs?

GENERAL ROBINSON: We have something of that kind in mind. Our staff is organized into these four major groups that I mentioned before, plus some others. Undoubtedly the people who are in those staffs, in case of an emergency would go to these emergency agencies when they are set up.