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UNIT X
MOBILIZATION

Orientation on Problem Directive

23 May 1949

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

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ORIENTATION

MOBILIZATION BRANCH

23 May 1949

INTRODUCTION:

The purpose of our discussion this morning is to clarify, if necessary, any of the requirements contained in the curriculum covering the Mobilization Unit X phase of the Economic Mobilization Course.

First, let us digress for a moment to look back on the areas covered by the class since last September. During part of this period you have been looking into the past, reviewing history and otherwise endeavoring to weigh results against effort expended in our economic mobilization during World War II.

The course you have pursued at this College has provided you with a most unusual opportunity of obtaining a "bird's eye view" of our national economy to an extent that would not have been possible in any other assignment. You have had the unhampered opportunity of concentrating your entire attention on the problems involved in mobilizing our national resources for war. It is apparent that few, if any, other persons are now as well equipped as you are to prepare an "Organization for the Emergency Management of the National Economy."

It is appreciated that as the course has progressed and as you have had the opportunity of reviewing the inter-agency relationship of the major organizations concerned with the war effort, you possibly will have altered some of your earlier conclusions and consequently will desire to revise certain of your earlier recommendations. To the extent that this situation exists, you will not be bound to observe earlier recorded conclusions or recommendations.

Beginning 23 May our eyes will be focused on a target ahead, and during the next four weeks our entire effort will be directed toward dynamic thinking and forward planning.

In the orientation given you at the beginning of the present course your attention was directed to a list of basic elements which World War II experience indicated were of vital importance in our Economic Mobilization. Most of these elements have since been studied by you and you have achieved an understanding of the philosophy underlying the control requirements, and mechanisms, involved.

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It is believed that you fully appreciate that in the development of an organization for emergency management, the most careful consideration must be given, not only to the organizational structure of any agency proposed to administer each of the basic elements, but that also the relationship of such agencies to each other should be indicated.

RESOURCES:

The lessons of the past have taught us that the problems of economic mobilization involve not only the marshalling of our national resources but planning for the most efficient utilization of these resources as well.

We have also learned that our national resources are not only those tangibles with which our military have been accustomed to concern themselves but also include that great and powerful category of resources described as intangibles, such as public opinion, public health, public morale, our high standard of living, and the individual initiative of the American people.

TIMELINESS OF PROBLEM:

At no period in the history of this College has a student problem been undertaken with more timeliness in view of the current world situation. This is particularly true because of the scope of our directive and the urgent interest in our current problem on the part of governmental agencies concerned with economic mobilization planning.

It will be of interest to you to know that recently, conferences have been held with representatives of governmental planning agencies for the purpose of reconciling our directive with certain urgent requirements of these agencies. As issued to you, the directive embraces the requirements of Presidential advisory levels as well as the more limited areas of interest to the military.

It should be a considerable source of pride for all concerned to know that, in addition to being a most comprehensive student exercise, the reports you prepare will serve as effective and timely guides to all levels of government concerned with Economic Mobilization Planning.

Last year the title of our problem was Economic Mobilization Planning. This year we have chosen to use the title "Emergency Management of the National Economy."

It is believed that this title is more descriptive of the progress that has occurred in our thinking during the past year. It also focuses attention on the problem directive.

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EVOLUTION OF THE PROBLEM

Our current problem is a part of a five year program initiated in 1946 and closely followed each successive year.

1946 Class Final Problem

In 1946 three committees under the direction of the Organization and Administration Branch, now the Mobilization Branch, produced three separate reports as follows:

The first report provided for an investigation and evaluation of the agencies of government concerned with Economic Mobilization in World War II.

The second report set forth the principal basic elements, controls and functions which World War II experience indicated were essential to Economic Mobilization.

The third report set forth the basic principles, policies and procedures which were adopted as necessary in mobilizing our national resources during World War II.

1947 Class Final Problem

Based on the findings of the 1946 class, the directive covering the final problem of the 1947 class was designed to develop various concepts of Economic Mobilization Plans. Ten competing committees, each consisting of fifteen students, following the same directive were engaged in developing tentative Economic Mobilization Plans.

The products of this competition resulted in plans of varying degrees of quality and comprehensiveness. The proposed plans ranged from duplications of the British Ministry of Supply to the full extreme of military control.

One of the ten committees presented its proposed plan to the combined NJC and ICAF student and faculty groups.

Each of the other nine committees defended their proposals in a critique of the proposed plan selected for presentation.

1948 Class Final Problem

The 1948 problem directive was designed to permit the class to adopt one of the ten concepts of an Economic Mobilization Plan proposed by the 1947 Class. Based on this concept, the class developed a Tentative Economic Mobilization Plan complete with twenty-nine supporting Annexes. The proposal provided for an integrated plan with all elements,

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functions and controls essential to Economic Mobilization, heading up to a single administrator who answered directly to the President.

The proposed plan produced by the 1948 ICAF Class has been widely used by agencies of government presently engaged in various aspects of Economic Mobilization Planning.

1949 Class Final Problem

The 1949 problem directive provides for the use of the 1948 Class Final Report in the development of a technique for testing the organizational and administrative soundness of Economic Mobilization Plans or parts thereof.

Through the application of the test technique developed as a requirement of Part I of this report, the class will develop an organization for the Emergency Management of Government. This organizational proposal will include correction of such weakness as the application of the test technique reveals in the proposed plan produced by the 1948 Class.

1950 Class Final Problem

The test technique developed by the 1949 Class will be used to provide a critical analysis of such official mobilization plans as may at that time be available from the NSRB or the Munitions Board.

REQUIREMENTS OF THE PROBLEM.

Our directive requires the preparation of a comprehensive report consisting of three parts.

Part I: requires the development of a technique for testing the organizational and administrative soundness of Economic and Industrial Mobilization Plans.

This is the first time that this College has undertaken a project of this nature and your pioneering in this field is of much interest to agencies of government who are now charged with developing and testing the various aspects of Economic and Industrial Mobilization Plans. Recently certain agencies have received directives to develop feasibility tests in this field and without exception there appears to be little if any constructive material which can be used as a guide or foundation for the development of such tests. Certain members of our faculty have given much thought to the subject of test methods and have determined that of the several possible approaches to this problem, our directive this year will be pointed toward the check-list type of test. Time limitation and the necessity of developing a uniform method of testing has rendered it impractical to devote our efforts this year in developing other possible methods of testing such as: a spot test technique; testing by an economic maneuver; a conference board method; the educational order approach; or by war gaming an official plan.

In the absence of an official economic or industrial mobilization plan, it appears that the most profitable possibility for this class is to develop a test technique based on a check-list method, using The Proposed Economic Mobilization Plan including each supporting Annex developed in the 1947-1948 ICAF Class. Each section will be responsible for the requirements of Part I in respect to its individual element, function or control. The over-all coordinating committee will receive coordinate, consolidate and reconcile the test check-lists prepared by each of the sections.

Part II: of your report will entail the development of an over-all organization designed to administer all of the various elements, functions and controls involved in the management of the national economy throughout the entire period of a war emergency.

It is expected that thru the application of the test techniques developed in Part I of the report, the detected strength and deficiencies in the 1947-1948 ICAF students' Proposed Economic Mobilization Plan and its supporting annexes will provide guidance to this class in complying with the requirements of Parts II and III of this report.

Part III of your report entails the preparation of individual and group annexes covering the areas of special interest assigned to each student early in the present course. Where applicable, annexes of 1947-1948 ICAF students' Proposed Economic Mobilization Plan will be used in developing the test technique as required in Part I.

BASIC PREREQUISITES FOR AN EFFECTIVE ECONOMIC MOBILIZATION PLAN

The requirements of our problem directive set forth twenty-one general considerations which are deemed basic to the development of an adequate economic mobilization plan. It is essential that both the collective and individual product of the students give evidence of close observance of the applicable basic considerations. This is of particular importance as the evaluation of the report and the various sections of the report will be influenced by the extent that they reflect adequate weight given to the applicable basic considerations.

Chief among the twenty-one basic considerations are the requirements that: close adherence to sound principles of organization and administration must be observed; for instance responsibility for a function must be matched by the authority necessary to perform that function; the assignments of responsibility be clear cut, understandable and understood; channels of command must not be violated by staff units. These and other basic principles of organization and administration, while widely recognized, are frequently violated in the development of control agencies.

For a comprehensive list of basic organization principles you are referred to pages 43, 44 and 45 of your curriculum. In this connection your attention is further directed to pages 43-54 of your curriculum, where you will find a series of explanatory notes which expand in detail on the various basic considerations.

These twenty-one basic considerations provide a general framework within which Economic Mobilization Plans and the various sections of an over-all plan can be developed.

BASIC ORGANIZATIONAL CONCEPT

One of the major decisions to be made in respect to a war emergency is to determine the basic organizational pattern to be followed in the administration of the war economy.

It appears that fundamentally there are two choices, and a decision must be made as to whether an "integrated" or a "coordinated" plan is to be developed.

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The "coordinated" approach was employed during World War II and resulted in a myriad of autonomous and semi-autonomous agencies overlapping and to some extent duplicating each other. For instance the responsibility for the administration of wartime controls of manpower, economic stabilization, power resources, transportation, fuel, war food, war shipping, war communications, and war production were not vested in a single top agency but in separate semi-autonomous agencies, coordinated by the President.

Some of the more important of these agencies were known to you as: WPB, WPC, OPA, FEA, ODT, PWA, WLB, OES, and OHR. This same coordinated concept appears to have been adopted by the Munitions Board in their 1947 Industrial Mobilization Plan.

At this point your attention is directed to a Critique of the 1947 Mobilization Plan prepared in this Collage 26 November 1947 for the signature of the Commandant. A copy of this critique is being issued to you today and should provide you with a comprehensive understanding of the basic differences between the "coordinated" and the "integrated" concept of an over-all Economic Mobilization Plan.

Although not used during World War II, the "integrated" concept seems to be worthy of investigation as to its possibility of providing greater effectiveness in the administration of a war economy.

SCOPE OF PLAN

It is obvious that the over-all plan and all of its sections prepared by you must be comprehensive if it is to be of value to the other agencies of government concerned with Economic Mobilization Planning.

Both the plan and its component parts must give full consideration to: peacetime planning; the transition period from peace to war; the war period; and the postwar reconversion phase.

Particular attention must be given to the development of basic policies, controls, legislative requirements and administrative procedures, along with the organizational structure and personnel requirements that must be employed in the fulfillment of the major components of the war structure.

For instance, place yourself in the position of the man, who, in a future emergency, is suddenly called upon to head the over-all Economic Mobilization agency, or the man who is assigned the task of heading up the Office of Price Administration; or some other major component of the war program.

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Would you not consider yourself fortunate to have available a well-thought-out program, particularly, if this program were in full and harmonious accord with all other major components of the war structure.

Here let me again stress the vital importance of the task you are undertaking and the potential effectiveness of the work you are to do in the preparation of a comprehensive plan.

FLEXIBILITY

While the committee will engage itself in forward, dynamic thinking in the development of its plan, it is important that it consider the applicability of its proposals to the year 1949 and that flexibility be provided to permit periodic review and revision of the plans to meet fast changing technological, economic, and military developments.

It is necessary that this flexibility of planning contemplates not only an M-day concept, but also a possible sudden attack or a period of gradual involvement. Above all other considerations your proposed plan must be practical and adaptable to the structure of American Industry and Government as we will find it when the emergency comes.

MECHANICS

Now for the mechanics of our problem. As shown on page 29 of the curriculum, the class consists of one master committee to be engaged, under the directive, in the development of a proposed organization for the Emergency Management of the National Economy.

The foundation for the Emergency Management committee will be an over-all coordination group. This group will be responsible for the class collaboration of each committee member both in the development of the basic Organization Plan and its individual component sections.

Each student as a member of a master committee will have a participating responsibility in the development of the over-all plan and will also have individual responsibility for the development and integration into the plan of a specific section for which he is responsible.

BIBLIOGRAPHY

The list of books for reference reading is developed to focus attention on organizational and administrative principles, policies and experiences, and avoids, to the extent possible, any duplication of reference reading requirements of earlier phases of the course.

LECTURES AND SEMINARS

The lecture and seminar schedules are designed to bring to the students the experience, background and current thinking of outstanding people in respect to problems of Economic Mobilization.

CONCLUSION: SUMMARY OF LESSONS LEARNED FROM OUR INDUSTRIAL MOBILIZATION EXPERIENCE DURING WORLD WARS I AND II.

What were some of the important lessons taught by experience in economic mobilization during World Wars I and II?

1. That as a result of our contacts with industry, we are impressed with the self-sufficiency and initiative of American industry. Consequently, any economic mobilization plans need not contemplate "spoon feeding" American industry.
2. Sound planning must provide not only for the mobilization of our resources but for the most effective use of those resources as well.
3. We have had brought to our attention most graphically, the fact that no plans involving important segments of the American public can be made effective without the support of those segments. Therefore we study public opinion.
4. It has been amply demonstrated that effective coordination of plans and operations must be provided.
5. Plans must be developed within the general framework of our established economy.
6. While time cannot be stockpiled, to accumulate fat on our economic bones is in effect a form of stockpiling.
7. We must determine for our planning program what goods shall be produced and in what order--therefore, priorities.
8. One man's price is another man's cost. Therefore we study price control.
9. Executives recruited from industry to administer war agencies are not accustomed to thinking in terms of a controlled economy.
10. Plans must be sufficiently flexible to meet fast-changing military, social, economic, political and technological developments.
11. Constantly avoid in your planning the creation of controls and control organizations which you cannot eliminate when the needs for a war economy no longer exist.

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12. That we must consider our intangible resources as well as our tangible resources in our plans.

13. That no longer are we concerned merely with the six essential factors of production in our planning, but we now must concern ourselves with approximately thirty-five basic elements, factors, and controls involved in economic mobilization.

14. That the Industrial College of the Armed Forces is the only agency where an uninterrupted opportunity exists to study the over-all problem of economic mobilization.

15. That future plans for economic mobilization for war must give comprehensive consideration to the following list of basic elements, functions, and controls:

- Allocations
- Civil Defense
- Communications
- Conservation
- Demobilization and Reconversion Planning
- Facilities
- Food and Agriculture
- Foreign Economic Relations
- Fuel
- Housing
- Intelligence
- Legal and Legislative Basis for Economic Mobilization
- Manpower
- Materials
- Morale
- Over-all Coordination
- Personnel for Staffing the War Organization
- Power
- Price Control
- Priorities
- Procurement and Procurement Coordination
- Profit Control
- Public Health
- Public Opinion
- Public Works
- Rationing
- Requirements--Civilian
- Requirements--Foreign Claimant
- Requirements--Military
- Research and Statistics (the factual basis for policy and administrative action)
- Security

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Technological Progress
Transportation
Wage Control
War Finance

The committee will be prepared to make its oral presentation on 23 June 1949 and the final reports will be due 27 June 1949.

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