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MUNITIONS BOARD PLANNING FOR WAR PRODUCTION

27 March 1950

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Mr. Harry E. Blythe is a business man with an extensive background. A great part of his business life was spent with Goodyear Tire and Rubber Company. Starting in Sales, he later switched over to Production and became Personnel Manager and later Vice President and Factory Manager of the Goodyear plant in Los Angeles, California. In 1928, he returned to Akron to become Assistant to the President and later became Vice President and Sales Manager. At the beginning of the war, he was appointed Vice President and General Manager of Goodyear Aircraft, which grew from 40 people to 40,000. After the war, Mr. Blythe became President of the Galant Products Company at Alliance, Ohio. Mr. Blythe was asked to come with the Munitions Board in the early part of 1949, to serve as Chief of the Office of Production Planning, under a reorganization of the Board designed to bring in men of high industrial qualification to handle matters of direct industrial concern, such as industrial mobilization, of which he was in charge. He returned to private industry in November 1949, to accept a position as President of STD, Inc., manufacturers of stamping, tools and dies, but still serves the Munitions Board on a part-time basis.

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GENERAL HOLMAN: During the past three weeks your course in Production has dealt with the fundamentals of production--shop layout, tooling, product engineering, quality control, and inspection. Today we embark on a new phase which affects more directly the military departments. This phase is production planning for mobilization.

In the field of military mobilization planning, the government and industrial problems must be considered together. There must be a complete understanding respecting such vital elements in the planning cycle as (1) requirements, (2) facilities, (3) personnel, (4) lead time, and (5) priorities.

Our speaker this morning has an extensive background in both business and government, in both planning and production. In early 1949 he was asked to serve with the Munitions Board as Chief of Production Planning. He served eminently in this position until November of last year, at which time he went back to industry, but still serving the Board as a consultant in this same field.

While with the Munitions Board, Mr. Blythe has been of great assistance to us in presenting our courses and has taken a great interest in the work of the ICAF.

It is a great pleasure to introduce Mr. Harry E. Blythe, who will speak to you on "Munitions Board Planning for War Production."

MR. BLYTHE: General Vanaman, General Holman, and gentlemen: About a year ago just at this time I came over here for the first time and really enjoyed the program. I have had the opportunity of enjoying several programs after that. I am not so sure that I shall enjoy this morning session as I see in the audience some of the men with whom I have been working the past year. They may turn out to be hecklers. You might be interested to know that I too had some industrial mobilization planning for war under General Vanaman. He directed me and, I might say, had a lot of patience in working with me when I was head of Goodyear Aircraft and he was down at Wright Field.

Someone has said that repetition is allowable for emphasis' sake. If I repeat this morning some of the things that you have already heard, I hope you will look upon that repetition as being for emphasis' sake.

When you are on the outside looking in, a government job looks a lot different. Mine certainly has looked a lot different to me since I have been on the Munitions Board and working on the inside. It is

very easy to be critical when somebody else is doing a job; but when you have the job to do yourself, it suddenly becomes very different.

When we talk of Munitions Board planning for war production, it is really not different from the planning that any industry does when it starts thinking about its future, particularly about expansion in the future. There are the well-known five "M's"---with which you are familiar---men, money, machines, materials, and management---each one of which must be analyzed and thought of in conjunction with this planning.

We will assume, at least this morning in my discussion, that the Government is going to take care of the money in such a program come M-day. The United States entered World War II with the greatest industrial setup that the world had ever known. I have seen figures and you probably have too---I don't have them with me this morning---but it seems to me that something like 80 percent of all the automobiles that were manufactured in the world at that time were manufactured in the United States. About the same percentage was true of all the heavy goods, such as washing machines, stoves, and radios and things of that nature. There was nothing like it in history, and yet we found that we were far short of production capacity necessary during World War II. The result was that 1595 new plants were built by the Government during World War II, at a cost of 12.7 billion dollars. Private industries found themselves inadequately supplied with their own facilities, so at their own expense they added another 5 billion dollars in new plants to the 12.7 billions that the Government spent.

Let us take a look at what has happened to these plants. I think we can assume that industries themselves have been occupying and using all the plants that they built. In addition to that, they have bought and are using a great many plants that were built by the Government. But under Public Laws 364 and 883 an industrial reserve was set up, and we find that there are 472 plants in this reserve. Of these plants 270 are owned and managed by the three departments---Army, Navy, and Air Force. All these plants are in operation in some percentage with the exception of 53. In addition to these 270 plants, 202 plants are in the National Industrial Reserve---57 of these are inactive.

These figures would indicate that from the standpoint of building facilities we are in pretty good shape come M-day. Unfortunately, not all these buildings are in proper shape to go into production on M-day, or to go into production a few months after M-day. The money has not been forthcoming from the Budget Bureau to maintain these plants in shape so they could be reactivated in a relatively short period of time. Of the 202 plants in the National Industrial Reserve, 20 percent are now manufacturing an identical or a similar article to that which they would be called upon to manufacture on M-day. Those plants without any question could be reactivated within 30 days.

It is estimated that 30 percent could be reactivated within 120 days, 35 percent within one year, and 15 percent would take over a year.

There are 70 basic materials plants which are under the direction of the National Security Resources Board. Thirty-four of these plants are presently in use. The reason they are under the National Security Resources Board is because they produce for both civilian and military; therefore the military, that is, the Department of Defense, is only a claimant upon those plants along with other agencies.

Part of the planning for the use of these buildings for war production is to choose now the management who would run them come M-day. That has been done in a great many of the plants. That program will probably be completed this year.

So much for the buildings. Let us take a look at the equipment available for war production.

Under Public Laws 364 and 883, provision for equipment was also set up. The War Assets Board stopped selling the machine tools, the metalworking tools, and the other tools used in production. The departments were asked for an estimate as to how many tools they would like to have put in the reserve. They estimated 150,000 tools and of this number 110,000 have been gathered together. The chances are that there will not be many more than that, because the desired types of tools are not available. In addition to this, there were another 10,000 tools set up under the National Industrial Equipment Reserve. Approximately 120,000 machine tools, metalworking tools, and so forth, are available and also ready for M-day. Another 20,000 or 30,000 tools in the plants are owned and managed by the three departments--Army, Navy, and Air Force. We have approximately 145,000 tools we might say in our reserve.

During World War II the pool order system was used in order to facilitate the speeding up of production, the buying of time, as we say, in the manufacturing of those tools. That program has been adopted as a program for future planning. The departments were asked to give an estimate of how many tools they would like to have for the first year of operation after M-day, and they came up with a list of approximately 100,000. That list was turned over to the National Security Resources Board, and it in turn has placed through the pool order system actual schedules with the manufacturers of tools, so that, come M-day, all the NSRB would have to do is to send a telegram or make a telephone call and production would start, thereby saving many months in going through the usual paper work in order to get things going.

The NSRB has also done the same job with the metalworking tools. That program, too, is well on its way to completion at the present time.

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It is planned that on M-day the Munitions Board will take over the responsibility of holding and directing the distribution of these tools, at least until such time as some other agency is set up to do that job. All the tools that are in the hands of new tool dealers and second-hand dealers will be frozen. Then the Munitions Board's job will be to direct the distribution of these tools as well as those in the reserve to the plants where they are most needed, again to get production going just as rapidly as possible.

Now that we have the buildings and the equipment provided, the next thing we must look for is the manpower. Where do we get and how do we hold the manpower to do the job? This was quite a problem during World War II. There were about 60 million people employed during World War II. There were less than 500,000 unemployed. This 60-million figure breaks itself down into about 12 million in the armed forces, 18 million making goods for the civilian economy, and 30 million on war production. It is estimated that we have a labor market today of at least 65 million, 5 million more than during World War II.

The manpower problems that we had in World War II are still fresh in our minds. Among the most troublesome of these manpower problems were competitive and destructive recruiting, and inducting men into the services before the equipment was ready for them. Now it is planned for the next war that all personnel of the Army, Navy, and Air Force will be inducted through the Selective Service. If that is done—and, as I say, it is planned to be done—I think we could eliminate those two major problems which we had during World War II.

Those of us who are in industry or have anything to do with industry know that there was a great wastage of labor and there was a high inefficiency of labor during at least the first year or year and a half of the war. The question then comes up: How can we minimize if not eliminate wastage and increase our efficiency? Well, a representative from the Office of Manpower, I think, talked here recently on the manpower subject and probably covered this question very thoroughly. However, in conjunction with the National Security Resources Board we are studying these mobilization plans for manpower, so that we will make more effective use through (1) training, (2) using skills to the best advantage, (3) dispersing labor where it is most needed, (4) setting up machinery to handle labor disputes so as to minimize the lost time there, (5) planning for new production plants to be located where labor is most available, (6) helping industry on manpower priorities to keep its skilled men, so they will not be taken into the services and given jobs which are not so important as their jobs in industry, and (7) helping on the war housing problem.

With those things on manpower taken care of, we think that this problem is fairly well handled from the planning standpoint. So we get

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down to stockpiling. If you have not already heard a paper on stockpiling, I am sure you will hear a discussion on this important subject, because it is a very important subject and part of the planning of the Munitions Board. So I will hit only the high spots.

The total stockpiling program now calls for an expenditure in the neighborhood of 3.8 billion dollars over a five-year program. Based upon the budgets which have now been approved, we should by the end of this year have covered maybe 50 percent of that program. There are 71 items on the critical list and about 165 others that are being studied, some of which no doubt will be added to the critical list.

It would seem that, assuming the Government is going to furnish the money, we have pretty well covered the five "M's" the things that are necessary before we can actually get down to planning for war production, but there is one other point on management. Here we are primarily concerned with the management of the plants in the reserve which are not now operating. The management of these plants is being selected right now to take over the operations of these plants after M-day.

During World War II it was estimated that there were some 5.3 million items manufactured in probably 500,000 plants. When we consider planning for war production on a basis like that, it becomes impractical at least, if not impossible. Through a new cataloging program it is estimated that the number of items will be cut down to 2.5 million.

Requirements is the first thing necessary in mobilization planning. It didn't take very long to find that out. Requirements is first because industrialists want to know--"What do you want us to make? How many do you want us to make? Over what period of time do you want us to make them?" Only within the last six months have we been able to tell them even in part. We wanted them to plan, but we couldn't give them the necessary information regarding items we wanted them to produce; so we got very little cooperation from industry.

Requirements, of course must stem from the strategic plans of the Joint Chiefs of Staff. An effort was made to get the requirements under their plan 1725/22. But it was such a tremendous job that we never seemed to be able to accomplish it. So we were doing a lot of paper work without actually getting the job done.

This problem was approached on the basis that when you have a big job that seems impossible to lick, if you knock off one little corner, it becomes much more simplified, and on a progressive basis of handling small bits at a time, you constantly build until over a period of time the whole job is done. With this approach and thru excellent cooperation with and between the three departments, the departments themselves were able to come up with their requirements on a selective

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list of items. The selective list has now become known as the "700 list," because there are only a few over 700 items on that list. That list was primarily intended to be end items, but because there were major components that had to go with those items, we found it necessary to expand the list so that it now consists of approximately 2500 items.

When that list was obtained and screened backward and forward in open discussion with the three departments, it was then taken to the Munitions Board for approval. The list as approved by the Board finally went to the Joint Chiefs of Staff. They gave it their approval as a basis for actually starting planning with industry. With this program we were able to get out the lists and send them through the departments to the armed services procurement planning officers. They in turn are able to go to the managements of these corporations and say: "This is what we want you to make. This is how many we want you to make. This is the period of time over which your schedule goes."

An excellent job has been done on that program. The program on that kind of planning was started on the 4th of June. A deadline of the 30th of September for requirements was set up, and those requirements almost without exception were ready by that date. A deadline was then set to plan this program in the major corporations, the major corporations being the 271 corporations which during World War II were supposed to have done 63 percent of the dollar volume of the whole war production. It was only logical that these major items of the 700 list should fall to a great extent to those 271 corporations. That program I would say today is 80 or 90 percent completed, although we don't yet have the final figure, because not all the reports are in.

Possibly 20 percent of the items fell outside those major corporations, but that list also is well on its way. Probably within the next 30 or 60 days I would say we should have the job 90 or 95 percent complete, with the schedules in. We know now that the schedules of approximately 40 percent are in. We know by a spot check that about 90 percent of the actual contacts by the armed services procurement planning officers have been made with industry. Those schedules are being worked on. In my horseback way of figuring I think that list of 700 end items will cover 50 percent of our dollar volume for the next war. My figuring is on this basis: If 271 corporations made 63 percent of the dollar volume during World War II and 80 percent of the 700 list will be made by the 271 corporations, then 80 percent of 63 is 50.4 percent. I don't think there is very much wrong with that type of figuring.

This is a very excellent job well on its way, but we are not stopping there. Carrying the same plan forward, we have started out on a second list. This list may have 500 or 600 items. It will probably expand to 1000 or 1500, including end items. That is the way we intend to attack this problem, because it still seems impractical to wait for

the complete requirements of any strategic plan that the Joint Chiefs of Staff come out with. It is estimated that it will be at least a year before requirements can be calculated on the present strategic plans. Since the requirements on which we are now working are definitely part of the total requirements of the Joint Chiefs of Staff plans we are buying time. Incidentally a revised edition of this book is just off the press and from now on will be known as the Production Allocations Manual. It is a book of rules and regulations which covers production planning with industry. The over-all objective of this planning, of course, is to develop plans in consultation with industrial management that will make for quicker change-over to war production come M-day.

Without burdening you with all the details of this program, I would like to give you its most important objectives. Those are, (1) to locate now the manufacturer who is going to manufacture the item and (2) to develop specific and realistic production schedules so that they can be converted into production contracts in time of mobilization. Those schedules are actually being developed and actually being signed by the management. They are accepting them as their program under this selective list of items which I have just discussed with you.

This program with industrialists is entirely voluntary. But, since we have been able to tell them what we want them to make, how many, and over what period of time, we have had excellent cooperation from industry on its mobilization planning.

Here is what industry is supposed to do in this program: First, appoint a top executive of its organization, who will handle its part of the planning program. He will work with the armed services procurement planning officers commonly known as the ASPPO in the development of realistic schedules for war production. They estimate the manpower, the equipment, the floor space, in fact, they estimate and plan so far as practical everything that is necessary in order to reach the goal set.

There is one thing we have tried to keep in mind in this over-all planning, that is, it must be realistic and practical so it will work come M-day. If it isn't, the whole thing will fall down. In order to make it realistic, various preparedness studies have been developed and are being used by the three departments--the Army, Navy and Air Force. First, there are exploratory studies, which are for the purpose of developing the need of a particular industry for facilities, tools, and materials. Secondly, there are resources requirements studies, which develop the needs of particular industries for the same things by actual layouts and engineering studies. Thirdly, production preparedness studies, which consist of such direct measures as the redesign of facilities for high-volume production, tool design, actual tooling, and pilot runs for test models. These may even include the production of

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small quantities to eliminate production difficulties and to maintain or create within a particular industry the know-how of the production of critical military items or items that have just reached the production stage from the research and development stage.

It has not been my intention in discussing this planning for war production with you this morning to be optimistic or even to seem optimistic or to paint a rosy picture. There are plenty of weaknesses in the program. We think we know what most of them are, and we are working to correct them. However, regardless of those weaknesses, we are definitely confident that the groundwork has been laid, that the plan is sound, that the machine has been built, and that this machine can bring to us the results which we all desire.

Somehow I have a feeling that a number of you men in this room are going to have the responsibility placed on your shoulders for the carrying out of this program to a high point of completion. Some of you, no doubt, will find your new endeavor in the Department of Defense when your course here in the College is completed. There I know that you will constantly be in contact with industrial mobilization planning. Some will be going out into the field and possibly actually becoming armed services procurement planning officers. But wherever you are, you will feel and have some responsibility for this program. I would like to charge you this morning with that responsibility.

COLONEL SEAWARD: I think we can start with a question that was put to Mr. Blythe by General Vanaman during the intermission.

MR. BLYTHE: The General's question was this: He said that a number of engineers had been sent out to take a look at the plants in reserve and the machine tools in them; and that there was a very pessimistic feeling regarding these machine tools. The report was that many of them have been cannabalized, don't have a chuck, don't have a motor, and so on--they are not ready to go into production. The General asked me how I correlate that with what I so "blithely" said about the Munitions Board being able to just ship these machine tools out on M-day and get them into the hands of the companies where they are going to do the most good.

This is a dandy to start out with, because it involves the three departments. There is just as much difference between the opinions and the policies of the three departments on this machine tool subject as there possibly could be, but it is an honest difference of opinion.

I am asked a great many times out in the field what there is to this question of lack of coordination or cooperation between the three departments. My answer is, "There is nothing to it so far as I am concerned. I have had excellent cooperation. As a civilian, somebody

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coming in from the outside who knew little about the policies and operations of the three departments, they have been most considerate of me." That answer is a little different from what they usually expect.

Naturally, there are differences of opinion among the three departments. On one committee where Colonel Rodney Smith and I work we have lots of differences of opinion, but we still never leave the room until we have come at least to a common basis on which we can build from there. That has been very helpful to me.

The report is right to a certain extent about those machine tools in our reserve--they are not all ready to go into production immediately. That is one of the problems that first came to my mind when I got into this reserve program, because I was the head of Goodyear Aircraft at the close of the war, and when we came to inventory our machine tools for a take-over by the Government so that we could terminate our contract, there were a lot of things missing. I was conscious of that problem, so when I came to the Munitions Board one of the first things I asked for was an inventory. That inventory is now being taken by the three departments. In this inventory we wanted not only the type of machine but its condition also, so that we could provide in the budget money with which to put them in first-class condition and then keep them in that condition.

Unfortunately, the three departments differ on this subject. The Navy is inventorying its machines 100 percent; it is showing where every little piece is missing, so that the inventory is going to be a complete job. The Navy is also reprocessing its machines with what money it has, thus putting them in first-class condition. The Navy is doing that because it believes there should be a reserve of machine tools in operable condition on M-day. The Navy, incidentally, in order to guarantee the operable condition of the machines, is even going to the extent of keeping them in dehumidified storage. The Navy's policy also is to withdraw no tools from this reserve for current production. The Army's policy is quite similar to that of the Navy, although it has not gone so far in reprocessing and storage. The Army agrees with the Navy 100 percent that tools should not be withdrawn from the reserve for current production. It too wants a reserve on M-day.

The Air Force, on the other hand, takes an opposite view. It asked for nothing in its budget to take care of the replacing of those parts or to recondition the machines. The Air Force is storing tools primarily in two places: the old Martin plant at Omaha and the Bell plant at Marietta. All the Air Force is doing is heating the buildings. Its policy is to get as much of that machinery out into the hands of industry as possible.

The difference of policy comes because of a difference in interpretation of a letter written by the President in August 1948, in which

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he said, in substance, first, that there should be a reserve, and then that wherever possible the machines should be taken out of the reserve and used in industry instead of buying new equipment. But he didn't say specifically whether there should or should not be a reserve on M-day.

That is a very roundabout answer to the question, but since this policy of machine tool withdrawal from the reserve is so controversial, I have attempted to cover the subject thoroughly.

QUESTION: How do we benefit by these over-all differences of opinion in the handling of this matter?

MR. BLYTHE: If I knew the answer to that, I would know how to answer a paper which has gone to the Munitions Board now for the fifth time for an answer to the question of a withdrawal policy.

In order to make clear what has happened, let me explain that, of course, the whole Munitions Board has changed, with the exception of Mr. Barrows from the Air Force, during the period of this discussion and argument on this machine tool matter. So Colonel Stykes, of the Office of Production Planning, has had a review and has tabbed every single decision and every single thing that has happened in this program since the President's letter was written. A new paper is now up before the Munitions Board; I hope it will give you the answer. It is my opinion that until we get an interpretation of the President's letter of August 1948, we shall continue the controversy and debating.

This question is very debatable. I can get on either side of the fence. I know that the machine tools out in industry will be operable on M-day, whether it is five, ten, or twenty years, from now, because machine tools don't wear out very quickly. The operators will change a chuck, change a motor, or change a head; but the structural frame will be there and we will have a good machine tool. I can get on that side of the fence and say, "Let us get the tools out in industry. Then we will know that the machines will be operable." Or I can get on the side of the Army or the Navy, on the other hand, and say, "We want a reserve on M-day. Withdrawing the tools for industry today will waste our reserve and we will be in the same situation that we found ourselves in at the beginning of World War II when we were held up for months waiting for machines. We must buy this time through our reserves."

QUESTION: During our Requirements course some of us had occasion to look at Annex 47 in relation to the current procurement program. We seem to have sensed that, looking back at World War II history, the current program didn't coincide with some excellent planning that had been done about that time, followed by a test on the feasibility of following the plan which had been created. The same thing seems to be happening now on our current procurement because of the inability

of the services to go through a process of questions on a negotiated basis. It seems to have the potentiality of running afoul of the Munitions Board's procurement planning program. Will you discuss that for us, please?

MR. BLYTHE: That is another one of those problems that has been batted back and forth in the past year in our discussions of tying in current procurement with industrial mobilization. I think we have made a little progress on this, though not too much.

The thing, of course, that the Munitions Board would like to do, selfishly, and the departments would like to do, selfishly, would be to take a current procurement contract and put it in the company which is going to be the biggest producer of that item in time of war. The law says you can't do that in many cases as business must be placed with the lowest bidder. The Navy did do that on a shoe deal, as some of you may recall, and got hauled over the coals. The officers were not courtmartialed, but they were told, "Don't do that again."

I learned of one the other day. I don't think this is too confidential to tell you. A certain colonel wrote a letter to the effect that all current procurement of $2\frac{1}{2}$ -ton trucks should be given to General Motors because General Motors would be the biggest manufacturer of these trucks during the next war. You can imagine what Rec, having a current contract for $2\frac{1}{2}$ -ton trucks, or Studebaker and other companies that made $2\frac{1}{2}$ -ton trucks during World War II and are planning to make them for any future emergency, would think of that program. From the practical standpoint of planning, the idea is sound; but from the standpoint of our economy, from the standpoint of the law, it runs into difficulties. This is the area where we fall down on our current procurement to a certain extent in relating it to our mobilization planning.

QUESTION: You gave us a good picture of the program of the Munitions Board. I can't help but feel that it was through rose-colored glasses. How about the problems you have had over disagreements with the NSRB in your plant relocation programs and your problems on duplication of certain plants? There are many others that we have become aware of during the course that you haven't touched on at all. I would like to hear about some of the problems.

MR. BLYTHE: I tried to discount my looking through rose-colored glasses by saying that the job is not done. Then I summed it up by saying that the plan has been laid out, the machine has been built, and it is operating.

So far as the National Security Resources Board is concerned, I am very glad to see Frank Shields and Mr. Peebles of NSRB sitting over

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there, because they have played a big part in bringing about a feeling of confidence and a fine spirit of cooperation between the Office of Production Planning of the Munitions Board and the National Security Resources Board. For six or eight months we have batted back and forth the problems involved in the areas covered by the Munitions Board and the NSRB.

By that process I know that those of us on the Munitions Board learned a great deal. At first we had little conception of what the views and problems of NSRB were. That Board in turn knew little about ours. We ironed that out just by open discussions. The job has been well done. Today Annex 47 or the Production Allocations Manual has the support of NSRB.

Now, as to the second part of your question. Some of these problems are not clearly defined as yet. They will be clearly defined only as planning progresses. We are working on phases of them now. But I can't give you as ready an answer as I would like to give. I will say that it is not just being said that "This is being done" and left at that point.

COLONEL BARNES: Mr. Blythe, last month the Munitions Board announced a new policy in connection with the requirements base with which the procurement planning officers should go to industrialists and explain to them what they should plan their mobilization on. The new base was 50 percent of the estimated requirements which you said were completed last September. Can you explain the reason for that decision?

MR. BLYTHE: That is the Harris plan.

General Harris was called in to the office of the Secretary of Defense and asked to take a look at our mobilization program. We had made a presentation to the Secretary which apparently sounded to him as if we were looking through rose-colored glasses. He couldn't find any flaws in it, but he wanted to check on it. General Harris had been at the head of Ordnance and had had a lot of background experience, so the Secretary thought he was just the man to do it.

I talked to General Harris about the second day he was here. He was very happy to learn that we had a basis of requirements which was going to give us a big percentage of the dollar volume without waiting for the Joint Chiefs plans. Then he raised a question whether or not we would ever be able to hit that program, because he thought the program would be beyond the productive capacity of the country. So he came in with that idea in mind of planning for only 50 percent of it. That was the birth of the Harris plan.

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The Harris plan in principle, planning for only 50 percent of requirements, is sound from a consideration of feasibility and flexibility, but frankly I was very much concerned about the Harris plan in the beginning. I wondered if it wouldn't upset the whole program, which was off to a good start. I was afraid going back to industrialists after we had got them started and saying, "We want you to plan for only 50 percent" would bring about the comment, "To h--- with it. We are right back where we started. You don't know what you want."

After considerable discussion it was decided that we would allow the full planning on the first selected list of 700 items. Future lists of requirements will be planned for under the Harris plan, thus for only 50 percent. I sincerely hope that the ultimate planning will not turn out to be only a 50-percent job.

QUESTION: As I recall it, Annex 47 says that industry will be given two assumptions--one, that there will be no shortage of material; two, that the manpower will be available, as the basis for the production scheduling plan. That to me gives a little rosy color to your picture, too. To what extent, assuming that same set of assumptions carries over into the revision, are we taking steps to assure the validity of the assumptions? It seems to me that, since the military seldom buys materials directly, but rather the end item, there should be a very close tie-in between the supply of materials and the standard of production schedules. Would you discuss that a little?

MR. BLYTHE: First of all, I am glad you brought that question up, because I should have covered it in my talk but did not.

One of the ground rules for the so-called 700 list was its feasibility. This feasibility test showed that the manpower, materials, and so forth were O.K. Under the Harris plan, using only 50 percent of requirements, we certainly need have no fear of lack of manpower or materials. But therein lies a danger. How do you know you have reached your maximum potentiality, unless we set the goal beyond what seems possible to reach. Witness the President's goal of 50,000 airplanes in 1942.

Who thought it possible to build 50,000 airplanes in a single year! While we didn't actually manufacture 50,000 planes, over 46,000 were built. And if we used as a common denominator the weight or man-hours per pound of the 4,000 planes built in the United States during 1939, the 46,000 planes built in 1942, three years later, would be equal to almost one million planes. It was impossible by any previous standard, but the incentive of life, liberty, and the pursuit of happiness did the job. History will probably write that the only part of Hitler's planning that was missed was the might of American industry.

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I am not so sure--and I say that rather hesitatingly and doubtfully--that the armed services procurement planning officers are guaranteeing industry that it will have the manpower and it will have the material or that it will have the floor space, because they don't know. No one will know these answers until total requirements are available and schedules have been developed with industry.

As I said, that is one of the reasons why the Harris plan concerns me so much. In total planning we must not plan for less than potentiality. I will say that as of today we have run into no such difficulty. The Air Force plan on MA-3's is on the basis of airframes. All the planning on components is not completed. The Air Force knows the MA-3 on airframes is feasible; but until it gets schedules on components, electronics, motors, and so forth, it won't actually know about the complete planes. Personally I hope we never give industrialists a job that they know they can do, if more is needed, because they have done the impossible in emergencies before and they can and will do it again. Does that answer your question?

QUESTION: Not quite. That assumption was given in Annex 47 as a guide to the armed services procurement planning officer. Does it carry over into the revision of Annex 47?

MR. BLYTHE: Yes.

COMMANDER BALL: Would you comment on what appears to me to be a duality of control as between the approved schedules for production and the controls leading to a CMP as projected by the Emergency Priorities Manual of the Munitions Board?

MR. BLYTHE: Would you state that again?

COMMANDER BALL: This Annex 47 is going to set up approved schedules for production for our basic war munitions, isn't it?

MR. BLYTHE: That is right.

COMMANDER BALL: Now, the Emergency Priorities Manual says that eventually a full CMP is going to set up a brand-new set of controls on those production schedules. Aren't those going to be parallel or duplicating and competing?

MR. BLYTHE: I can answer that, I think, very simply--maybe it will not be a full answer--by saying that when the Priorities Manual is set up, whether it is the Controlled Materials Plan or something else, everything will have to fall under that plan; and a certain amount of the planning will have to be done over again.

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Our planning under Annex 47 is on the basis that it is not, and probably never will be, perfect. We may never get better than a 75-percent job done on this. Twenty-five percent of it will always be open-end, in the state of flux so to speak, because of changes in the plans of the Joint Chiefs of Staff and other things, such as you have mentioned which will without doubt come into the picture. The revised manual is loose-leafed. When we run into some problem that we don't now have, or if we change our minds on something with more experience, we will just pull out a page and put in another page. That may have to be done many times.

When M-day comes Annex 47 ceases to function as such. The three military departments will take over.

QUESTION: I understand that a great deal of planning by the services is stymied by a lack of knowledge as to the part the armed services procurement planning officers will play in time of war. What will happen to these planning officers?

MR. BLYTHE: That brings up the question of whether or not the Munitions Board should have field officers. That has been batted around for the past year. The Munitions Board in its charter has the authority to have field officers--so stated. But the Munitions Board is a policy making board not an operating board. The military departments fear that Munitions Board field officers would soon get into their operating functions and therefore want no part of it. What the Munitions Board wants is to protect the job that has been done up to M-day. Since the ASPPO's are technical men, it is feared that they will be pulled off the job as a planning officer and the planning that has been accomplished will fail because of leadership.

The answer to this problem might well be a directive from the Secretary of Defense to freeze the armed services procurement planning officers on the job from three to six months. Replacement for each ASPPO should be chosen now, and wherever possible partial training should be given. From M-day on, this replacement would work alongside the regular ASPPO and work to the end of taking over the job as soon as possible.

It is my opinion that our armed service procurement planning officer is going to be one of the most valuable men in this whole program of getting it going after M-day. He knows industry. He is the one that has planned with industry. The men in industry are going to go to him; they shouldn't have to come to Washington. If they do, time will be lost. By all means the ASPPO must stay on the job as planning officer until someone else is trained to take over. It is for the best interest of the program.

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COLONEL SEAWARD: Mr. Blythe, on behalf of the Commandant, the College, and our guests, I thank you for a very fine presentation this morning.

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