

# RESTRICTED

OVER-ALL COORDINATION OF ECONOMIC MOBILIZATION

1873

30 March 1951

## CONTENTS

	<u>Page</u>
INTRODUCTION--Brigadier General J. L. Holman, USA, Deputy Commandant for Education, ICAF.....	1
SPEAKER--Professor John D. Millett, Professor of Public Administration, Columbia University.....	1
GENERAL DISCUSSION.....	13

Publication No. L51-133

INDUSTRIAL COLLEGE OF THE ARMED FORCES

Washington, D. C.

# RESTRICTED

RESTRICTED

104

Professor John D. Millett, Professor of Public Administration, Columbia University, was born in Indianapolis, Indiana, 14 March 1912. He was for three years assistant secretary for the Committee on Public Administration of the Social Science Research Council and for one year was special assistant to the director, National Resources Planning Board. He was for a time a staff member of the President's Committee on Administrative Management and early in 1942 he served as consultant to the War Production Board. In World War II he was commissioned a major in the United States Army and was assigned to the Control Division, Headquarters, Army Service Forces, where he became chief, General Reports Section, and historical officer. In the last-named position he had oversight of the extensive historical program carried on within the technical services and the staff agencies of the Army Service Forces. He left the Army as a Colonel. Professor Millett is author of "The Works Progress Administration in New York City," 1938; and "The British Unemployment Assistance Board," 1939; coauthor of "Federal Administrators," 1939; and "The Administration of Federal Work Relief," 1941. He is also the author of a valuable study, as yet unpublished, "Organizational Problems of the Army Service Forces," prepared for internal use in the War Department. One of his latest contributions to professional journals is a study of the direction of supply activities in the War Department, published in the American Political Science Review, April and June 1944. In the summer of 1947 he participated in an investigation in Europe of foreign logistical organizations and methods as a member of the staff of Major General C. F. Robinson. He is presently on leave of absence from Columbia University and is the executive director of the Commission on Financing Higher Education.

RESTRICTED

RESTRICTED

1875

OVER-ALL COORDINATION OF ECONOMIC MOBILIZATION

30 March 1951

GENERAL HOLMAN: You gentlemen have listened to many speakers on some facet of economic mobilization since last September, when you heard Professor Millett review for us the "Achievements and Failures in the Management of World War II." That was at the very beginning of the course, when we were just getting acquainted with some of the problems which a major emergency brings on.

We are now on the home stretch and we have asked Professor Millett back again to help us understand how a better job can be done through application of some of the lessons learned during World War II.

I am sure that each of you will appreciate the fact that this is no easy assignment. I am equally sure, however, that you are about to hear some interesting and stimulating ideas on the "Over-all Coordination of Economic Mobilization."

Professor Millett, we appreciate greatly your willingness to come back and help us think these problems through. It is a real pleasure to have you with us again.

PROFESSOR MILLETT: General Holman and gentlemen, I think you people must be gluttons for punishment when you invite me to come back here. Of course it is very difficult for me to suggest that anything that I said to you last September could possibly be wrong. So in one way I guess this is an opportunity for me to come back and say: "Now look and see how smart I am." I will try to refrain from doing that as much as it is possible for a human to do so. I will, rather, take a look at some of the experiences that we have been through this past year and see what we can learn from them. It is obvious, I think, that what we have been through thus far isn't going to end in the foreseeable future.

I think there is another thing we have to realize--that there are a lot of difficulties that are normal in any period of development, any period of change. We can't just be guided by prior actions in prior periods. When we start looking at this defense mobilization program, we must realize that there is a lot that we are going to have to learn as we go along. While the lessons of the past are certainly useful and important--and I am not intending in any way to belittle them--there are so many current problems and current difficulties that we are going to face in the months ahead that we can't possibly judge simply in the light of past experience. I think I pleaded here once

RESTRICTED

# RESTRICTED

1876

before--but I think it will bear repetition--that we must also learn currently, on a trial-and-error basis.

What I am here primarily to speak about are organizational problems. But, of course, it is pretty difficult to do that except in terms of substantive programs, for which organization merely provides the framework within which solutions must be worked out. The substantive problems are always the major issues, and you should never forget this.

You must recognize, too, that I am an outside observer on all these things. I have had no participation in them. I only know what I read in the papers and in the gossip columns. I gather that there are advantages and disadvantages in this. I understand that you have had or will have a number of people speak to you about what and how their particular organizations are doing. Obviously they know a great deal more about all these matters than I do and can talk about them in a more informed manner. The only advantage that I have, the only use that I can be to you, the only excuse for my boring you for thirty-five or forty minutes this morning, is that I can say what I want to say. That doesn't mean that what I am saying will be right--you will have to be the judge of that--but at least I don't have to pull any punches.

If you will permit me, I will start by telling you about a friend of mine who made a very interesting remark a little while ago, a remark showing great wisdom, that I want to pass along to you right now. Maybe some of these other gentlemen won't say this to you. This friend of mine remarked that he was sure Mr. Wilson had found it a great comfort to realize that he had long and intimate knowledge of the production processes in industry. But my friend suspected that by this time Mr. Wilson was also discovering that, so far as his present job is concerned, that knowledge is completely irrelevant.

Well, I am not sure whether Mr. Wilson has learned this or not. But I can say to you that no doubt he is being currently educated on that score. As a matter of fact, one of the most interesting things I have heard about the events of recent months, is the fact once again that many businessmen who come here find Washington a very strange atmosphere.

I don't say this because I want to speak slightly of Washington as the Federal capital. Some people seem to think that the only kind of work done in Washington is name-calling. Actually the glare of publicity and the constant criticism which goes on in this town has its good side. It is a kind of safety valve. This whole process is a part of politics in our kind of society, and I am confident that we are in

RESTRICTED

RESTRICTED

1877

no danger of undermining or belittling the fine performance that is an everyday occurrence here. We must have criticism as an indication of the many competing interests which make up our kind of nation.

This atmosphere of Washington indicates only that the job here is very different from the job that one has in an industrial plant, oftentimes even in the top management of a great company with numerous component parts. You don't see anything happen in Washington. Well, I will modify that a little. You see very few things happen; I mean, in terms of major jobs being done. You don't see tanks being manufactured or B-36's being put together in this town. You don't see anything happen here except an awful lot of paper work and an awful lot of words. A lot of people are telling you what things you can't or shouldn't do and lots of reasons why. Most administrators in industry and in other walks of life are not accustomed, first of all, to the large gap that exists between the determination of policy and its performance, the long echelons of all kinds that exist in getting a job done.

Businessmen are accustomed to being able to walk across the street into the plant and to see what actually happens as a direct consequence of an action they suggest. Your information about the consequence of orders and instructions issued here in Washington has a long, long fight in flowing back up the chain. Is it any wonder that a great many men working in smaller areas--and, after all, even a great corporation like General Motors is small compared to an operation like the Federal Government of the United States--find it difficult to realize how different is the structure here, how vital are broad decisions about basic purposes, and how cumbersome are the methods of getting work done. This is true all through the Government, and it is true in the Department of Defense. I am sure that it is true in the component parts of it. You men have unquestionably had experience with these facts.

I have a great deal of sympathy with these businessmen who come here. Some of them have had the advantage of World War II experience. Many of those who were here during World War II either are not welcome now or don't want to come. In consequence, there is a great deal of inexperience here also.

We have to initiate new people; this is desirable. But I think that we have to recognize that there will be a lot of frustrations and a lot of ulcers, perhaps even bitterness in the process. Somehow, in some way, we are going to muddle through all of these obstacles in the days and months and years that lie ahead.

Last September I talked about some organizational aspects of economic mobilization. I said that, so far as defense mobilization

RESTRICTED

# RESTRICTED

1878

is concerned, there are three great organizational levels which are important, and that the problems which are likely to arise are problems of interrelationship between these three levels. Another, a fourth part of the problem I omitted--I will say more about that in just a minute. But I spoke of three levels.

There is first the problem of top policy coordination and direction. Second, there is the level of control and distribution of the material resources of our society--the work of central action agencies. Then, third, the whole military level has to be geared into these others. What has been added now is the complication of new agencies at all of these levels whose relationship to each other is not always clear. This time it is a little of a puzzle to know what, for instance, is the relationship between the Office of Defense Mobilization and the National Security Resources Board, at the level of top policy coordination. I have been told by two or three different persons that the relationship is clear. I am glad to have that information. But I am still a little doubtful about it. I have been told that about three-quarters of the staff of the NSRB as it existed two years ago have now been transferred in one way or another to the action agencies or into Mr. Wilson's office.

I am told that the peculiar problem of the National Security Resources Board is to look ahead and to anticipate what may happen in the way of changing circumstances. Second, it is supposed to keep the President informed about how all of these great organizations under Mr. Wilson and the others are performing. I am not certain there is a desirable place for two or more top-policy agencies.

One of you asked me a question when I was here last September about statutory agencies versus emergency agencies. I can see that what I said then was unnecessary. Obviously, the statutory agencies have not provided any real hindrance to the creation of new emergency agencies. We have had a considerable outpouring of new emergency agencies necessary to carrying out mobilization responsibilities as the President conceives them.

I gather that we have been through two time phases thus far in the organizational development of our administrative structure. I am sure that others have spoken to you about those two time periods and what their characteristics are. I can only add this: You should bear in mind that there is nothing final about the present time period. It may well come to an end, or it may move into something else, almost any day. One never can tell.

But, anyway, we went through a period of the creation of a number of action agencies that were attached to existing agencies. The most

# RESTRICTED

RESTRICTED

1879

notable, I am convinced, was the attachment of the National Production Authority to the Department of Commerce. I have heard Mr. Fleischmann say that this procedure was a great advantage, because a great portion of the necessary administrative services were thus left to the Department of Commerce to handle, and the Department did handle them. As a result, the production authority was able to get into operation a great deal more rapidly than if it had had to start and put in a mail service, a personnel section, and other units for what we call house-keeping duties.

The second period began with the intervention of the Chinese Communists in the war in Korea. This action meant that we had to step up our mobilization program, by giving it new drive, and of course some new agencies.

I think only one really important new separate action agency has been created. This was done partly because there was no existing agency that could take over the responsibility, and partly because it was necessary to dramatize action. This new action agency is the Economic Stabilization Agency, now headed by Mr. Eric Johnston, with its two component parts--Price Stabilization and Wage Stabilization.

I personally can't see how some of the other arrangements will last long. For the life of me I can't see how the Defense Transportation Office is going to last very long attached to the ICC. From my own experience and observation I would say that the Interstate Commerce Commission is not a Federal transportation agency. I don't see how you can make Defense Transportation work as long as it is supposedly attached to that.

The Hoover Commission commented that we didn't have a transportation agency in the Federal Government. One of the recommendations of the Commission was to create some such agency as a part of the Department of Commerce. The Brookings Institution task force recommended creating a separate Department of Transportation. I think there is something to be said for the latter idea, although I doubt that it is politically feasible.

In attaching the Office of Defense Transportation to the ICC it will be concerned primarily with rail and motor transportation and not with air and water transportation. Any idea of putting them all together is probably politically impossible, since each form of transportation has its own enthusiasts and fears limitation at the hands of the other.

At the military level it still seems uncertain just what role the Munitions Board will play. I said last September that this was a new device, without any counterpart in World War II. I repeat that the army

RESTRICTED

# RESTRICTED

1886

and Navy Munitions Board was not an important and effective agency during World War II. There are a number of books which say differently, but in my judgment they are all wrong.

I referred to this before. We had a very interesting inquiry into Army and Navy procurement problems toward the end of the war, and a report was written by General Draper and Admiral Strauss. They recommended new machinery, but they noted that the Army and Navy Munitions Board had gone out of existence.

Anyway, I gather the present Munitions Board is having its trouble. It is a part of the Defense Department, and as a top staff it must work through the Army, Navy, and Air Force. It has had some difficulty, for example, in defining its relations to the National Production Authority.

I saw just the other day a memorandum on the problem of representation on the industry committees now being formed by the National Production Authority. Should the Department of Defense be represented directly? Or should it be represented only through its three components? What is the Department of Defense? It is an executive department, so the law says, and its component parts are military departments. Who then shall speak for the raw material and other needs involved in the procurement programs of the armed forces?

If the Department of Defense, through its Munitions Board, is going to have any meaning at all, then it looks to me as if representation on all military procurement, production, purchasing policy, raw materials, and requirements problems should funnel from the three military departments through the Munitions Board. Now, if the Munitions Board is not going to have any meaning, if it is going to be unimportant in defense organization, then, of course, the three military departments should have their own separate representation with other agencies.

I am not suggesting that there should be no representation from the three military departments--the bureaus of the Navy; the Air Materiel Command, or whatever its title is in the Air Force; and the technical services of the Army. I am not saying that for one moment. I am only saying that if they are represented, the representation ought to be arranged through the Munitions Board, if the Munitions Board is going to amount to a d---. Now, if it isn't, if nobody wants it to play an important role, O. K., don't get worried about it. This is one of the problems arising in this period and is going to continue to be troublesome.

I was rather alarmed in December, shortly after Mr. Wilson's office was created, to read in the "Washington Post" and the "New York Times"

# RESTRICTED

RESTRICTED

1881

that Mr. Wilson was considering the possibility of bringing all the military procurement services under the jurisdiction and authority of the Office of Defense Mobilization. We used to think that Mr. Nelson's order, written in January 1942, was one of the broadest Executive orders ever written in the Federal Government. Mr. Nelson's advisers were constantly saying: "This order gives him almost unlimited power and authority over all matters of procurement wherever they may be lodged by statute in the Federal Government." Well, if Mr. Nelson's order was broad, Mr. Wilson's order is broader by quite a good deal. I can see how you might argue that there is almost nothing any place in the Federal Government organization in Washington on matters of procurement that can't be brought under one of the phases of such an Executive order.

So when I read this in the newspapers--I don't know how serious it was, or whether somebody was just sending up a trial balloon--all I could say was: "There we go again; now we have to go through all this again." I have forgotten how many man-hours we spent in World War II arguing and writing about the proper location of procurement responsibilities.

I think possibly the best explanation of this proposal is just what I said a moment ago--the difficulty of a businessman coming into an office like the Office of Defense Mobilization and not being able to say and feel and think that something is being done when he starts to write a paper or issue some instructions. Actually it might not be that simple even in an industrial plant. Of course, if the executive offices were in Schenectady and the plant just down the street, that is one story. If the executive offices are in a big building in New York City and there are a lot of plants scattered all over the country, that is another story. In Washington you have to learn to operate differently. But these businessmen don't always find that out in New York before they come to Washington.

Well, there is this sentiment, this feeling, on the part of some people that they must have direct control of operations in order to be effective. I still believe it wouldn't make any sense whatsoever to pull the procurement operation out of the technical military services. I suspect that this feeling is shared by everybody in uniform who comes and talks to you. But I have no doubt that we are going to hear more about this controversy in the months ahead, not less about it. It is going constantly to be a troublesome feature. And I think one of the major responsibilities of the technical services of the Army, of the supply bureaus of the Navy, and of the Air Materiel Command (or whatever its name may be) in the Air Force, is going to be to do two things. One is to educate the men in the higher echelons to what their job is and how they should operate; and, second, to see that the supply agencies themselves are operating effectively. And that means in the end going out and demonstrating it yourself.

RESTRICTED

RESTRICTED

There is a terrific responsibility, it seems to me, resting upon the procurement units of the three armed forces. It is the requirement and the necessity for effective performance. I am putting it on no higher plane than just self-protection. If that isn't sufficient or proper motivation, we may go on to talk about military necessity. But I think we should start with the realization that military procurement must have a record of efficient performance.

The other day I heard some men in the National Production Authority complaining once more about another internal problem: "Where are the stated procurement requirements of the military departments? How much do they want to buy over what time period? And how are they going to buy it?" But that attitude, I think, is perhaps not altogether realistic. I think it underestimates the difficulties and the complexities of the whole requirements story. It reflects oftentimes a misunderstanding or a lack of comprehension of the relationship between strategic plans and logistic plans, and the fact that oftentimes the strategic planners are confused and uncertain, just like all the rest of us, about what is going to happen.

The logistic planners have to be prepared for the criticism: "The logisticians are trying to run the strategy of the war." That charge was made time and time again during World War II. Strategic planners complained about supply planners usurping their function, while the supply planners pressed for strategic decisions in order to procure the necessary supplies, which may take 18 months or 2 years to obtain. In the end the military procurement people cannot wait for the strategic people to take forever in making up their minds.

I am not criticising G-3 or the office of the Chief of Naval Operations or the strategic planners of the Joint Chiefs of Staff. Their difficulties are tremendous. But the fact that they have troubles, the fact that they have complexities, is not an adequate answer to indifference or hesitancy or delay on the part of the procurement officers of the military services.

There is another factor that is going to continue to be troublesome in the months ahead. It is one that I failed to mention last September. This is the interrelationship between foreign relations and foreign policy with military procurement operations in economic mobilization. Now, I don't need to go on and develop this. You have heard a lot about it. You have read enough to know all the ramifications.

The organizational part of our problem is, of course, the fact that we have a lot of agencies in this field, beginning with the President himself. We have the National Security Council and the Central

RESTRICTED

RESTRICTED

1883

Intelligence Agency. We have the Office of Special Assistant to the President concerned with international affairs. We have now the North Atlantic Treaty Organization. It is a little hard to figure out where the general administrative responsibilities are located in the North Atlantic Treaty Organization. I gather they are concerned about this in the Senate too. Then we have difficulties in figuring just where ECA is going to fit in, and what the future of ECA is going to be.

But the basic problems are not organizational problems at all. They are problems of strategy. You are all familiar with them. Are we going to fight alone? Are we going to fight with assistance? If we are going to fight with assistance, where? If we fight with assistance, what do we contribute in materiel and manpower? What type of materiel do we contribute? And so forth. Well, these issues are going immensely to complicate all defense mobilization activities. There is a further issue which is a very touchy one. To what extent are we going to mobilize our economic resources in this country? Are we going to put certain restrictions upon the standard of living of our population in order to arm other nations, who may or may not be making an equal economic effort? What is an equal economic effort for other countries?

I can't imagine a more troublesome policy issue in the next two, three, and four years than just this. After all, such economic indications as we have point not only to substantial economic recovery in all of the nations of western Europe in the last four or five years, but certainly indicate that to a great part this recovery has been directed to increases in the civilian standards of living. And I suspect, being in some ways a materialist at heart, that a good part of the improvement in the economic well-being of the peoples of western Europe has had much to do with the diminution of influence of the Communist Party in those countries.

There is a very important and vital political issue here. If countries of western Europe now set aside a substantial part of their newly recovered productive facilities to provide implements of war, what is going to be the political repercussion of this action upon the voting strength of the political parties now in power? Will it undermine their great political strength? Will it encourage internal dissatisfaction and encourage Communist agitation? We cannot afford in this country to ignore such questions.

I can only believe that military people must do two things. You must remain sympathetic with these problems of western Europe. You must always remember that the policy of the government at any one moment of any European country is not permanent. The government's policy may change from time to time. I can only plead that military men are going to have to remain fairly open-minded on this score.

RESTRICTED

# RESTRICTED

1884

Second, military policy must here be subordinate to the political policy of civilian leadership. We were fortunate during World War II in avoiding any basic conflict of point of view between military and civilian leadership. World War I was very different. There was great bitterness. The real extent of that bitterness you can learn from reading such volumes as David Lloyd George's Memoirs, published in 1936. There you have six volumes devoted to long recitations of why Lloyd George didn't think much of Field Marshall Haig or Sir William Robertson, Chief of the Imperial General Staff. Of course, Clemenceau's Memoirs are bitter too, as only a Frenchman can be bitter when he starts to talk about the military leadership of France in World War I. This kind of bitterness apparently never developed in England or in this country during World War II. In fact, on one occasion Mr. Churchill voiced the opinion--I believe this was about June of 1944--that this very situation was one outstanding difference between the conduct of World War I and World War II. He spoke of the fact that there had been none of that bitterness between the professional military men on the one hand and the top political leadership on the other, which had existed between 1914 and 1918.

Now, I hope that when, as, and if, we have World War III--and I am not saying that it is inevitable and certainly I hope in this present period of armed preparation that we shall avoid sharp clashes of opinion between military and civilian leadership--there will be a great deal of tolerance and mutual respect and understanding on both sides. It depends a great deal upon personalities. There are going to be a lot of times when it is going to be awfully tough on military people, because some civilians may say things you will not like.

But fundamentally it seems to me this issue of how much military might we are going to build up in other countries through their own materiel contributions and how much might we are going to build up by our own contributions, our own manpower, our own direct military force--these are decisions that cannot be solely military. They are going to have to be decisions of a joint character between civilian and military officials.

There is a great tradition which is pretty firmly fixed in our society about the dividing line between civilian responsibility and military responsibility. By and large it seems to me that the armed forces have been very extensively indoctrinated in this tradition. But it is not an easy tradition to preserve. It is going to be subjected, I am sure, to a lot of difficulty in the next few years.

There is one other general observation that I think I would like to make about the development of mobilization organization. I said this last September and I repeat it without apologies at this time. It is

# RESTRICTED

# RESTRICTED

1885

just this: You must bear in mind that while organizational arrangements are important, they are not all-important. I think I gave you a definition before that organization is no more than a framework within which we undertake to settle basic issues of policy, program, and procedure. These fundamental issues have to be settled, regardless of what organizational structure you may have. The issues of policy, program, and procedure cannot be settled solely by an organizational structure.

I would like to go further and say that you must also bear in mind that an organizational structure is simply a framework for the exercise of personal authority and influence; and that personality factors are always going to be present and important. When you have one organizational structure with one set of personalities, what it does will be very different from the same organizational structure with a different set of personalities. We cannot escape that.

There are still other vital issues that we have to face today in the conduct of our military effort. To what extent are we going to limit the continued material betterment of all classes of people in our society? What classes do we impinge upon most? What groups do we impinge upon and what sacrifices do we demand of them in order to increase the proportion of our economic resources going to national defense purposes? I gather that this issue has not been resolved yet. It is still a very perplexing problem.

There are many other issues. I mentioned before that small business is going to be a troublesome problem in this period. It is here now. It is going to be with us for a long time, obviously.

Then there are matters of procedure. Shall the Controlled Materials Plan be started now or a month from now or three months from now, or shall we try something different?

These are not organizational questions as such. These are issues that have to be settled by the best ideas and the best agreements or compromises that we can make between all parties concerned. Our organization can do no more than serve as a structural framework within which to make these basic decisions.

The basic problem of programming that we have with us, of course, is: What kind of situation are we in, and how can we best anticipate what it will be? At the moment it looks to me as if we are saying: We are going to step up our defense operations maybe from 15 to 18 or 19 or 20 percent of the national productive effort. This is not an all-out mobilization. It is a partial mobilization, a gray mobilization. This has been said to you many times, I am sure. It means that

RESTRICTED

# RESTRICTED

1886

this kind of program goal has got to be translated into many specific and concrete procurement items, and procedures arranged accordingly. Perhaps the organizational structure that we have now is adequate to the program that we now have. But if the program shifts substantially, the organizational structure is going to have to change substantially too.

I think the main reason we had some shifts in the organizational pattern after last December was because the program was shifted. Now, if this continues to level out at about this ratio for a while, we are going to have some further shifts. I heard some people say the other day: "Sure, we are going to increase the portion of what we are getting out of our national income for war and greatly increase our productive resources at the same time. It isn't going to be long before we are going to move back into a period when we are not going to take a lot more out for national defense than we did last December. We are going to be able to do that because we are going so greatly to increase the productive capacity of this Nation."

That may be so. Maybe this is our purpose in this particular program. If that should be the situation, a lot of the present organizational patterns will begin to taper off and modify, and the whole sense of urgency will become less extensive.

An interesting problem about any political decision is this sense of urgency. Here the military is caught in a dilemma. Let the war news be good, let the political news and the strategic deliberations look good, and we all say: "I guess I might as well buy those golf clubs. What is the use of my going to work on Saturdays and Sundays any more?" This is not true just here in Washington; it happens all over the country. But let the war news get black someplace, let the fear begin to grow, and then we get a sense of urgency once more.

The trouble with this situation, as you all know, is that in procurement operations you can't swing orders up and down this way. The lead time on all the operations that you are so familiar with just doesn't permit that kind of luxury. Moreover, you can't go to an industrial establishment and say: "We want a certain proportion of your production today," and then next month send them a supply form and say: "Brother, I am very sorry, but I want you to cut that 15 percent." The reputation of you men, if you do that, with American industry and the public at large will not be enviable, to say the least. You can't do it that way, not for one minute. You have got to stick your neck out and, if you reach out for certain levels, try to maintain them regardless of what the war news or the political or battlefield news on some front may be at some particular time.

RESTRICTED

I want just briefly to recall a personal episode of World War II when General Somervell came back from France in September of 1944. Our troops had arrived at Aachen, and there was a general widespread optimism in the United States that the war in Europe would be over in a matter of days, at least in a few weeks. We were confronted with Mr. Nelson's suggestion that we start in with some resumption of civilian production. General Somervell made a speech before the National Association of Manufacturers beginning with these words: "This is the most important talk I have ever made in my life. The war is not won. It is not over. Any slackening of production here at home will mean lives lost on the battlefield six months from now."

Nobody would take him seriously. Everyone said it was just a military man spouting off. The military never has enough. This talk made no real impact upon the production leaders, upon the labor leaders, or upon other groups, until 15 December 1944. Then there was great hysteria. The Germans couldn't have done anything that would have stimulated productive effort more than the Battle of the Bulge.

You see, you have got constantly to contend in the procurement and supply operation of the military with this: Don't ever expect to have logistic understanding by any large numbers of people. Then you will never be too frustrated. You are not going to get promoted either until six months later than you ordinarily would expect to be.

COLONEL BARNES: To start off the question period, Dr. Millett has agreed to carry on from the point where he just took us to the window and then pulled the shade. He said the organizational structure will probably have to be changed materially if we get into an all-out war. Will you go into a little speculation about that?

DR. MILLETT: I will go into a little speculation on four factors. I suspect that, if we have greatly to step up our operations so far as the program is concerned, first, we will have to make changes partly just for the sake of making changes, to dramatize the fact that there has been a fundamental shift in purpose. That is an important element politically and strategically and organizationally. You need to bear that in mind. You will have to have some shifts just for the sake of dramatizing the change.

Second, I think this structure that we have now is going to have to be tightened up quite a good deal. I think there is at least one too many echelons in the mobilization machinery. There is the Department of Defense, the National Production Authority, the Defense Production Administration, and the Office of Defense Mobilization. That is one more echelon than we had in World War II.

# RESTRICTED

1888

Now, I asked somebody to explain this to me. This is what I was told. "Well, the organization this time is this way: The Defense Production Administration is in a sense the old office of the vice-chairman of the WPB for requirements. It is the planning board. It is where the requirements for raw materials and productive facilities for our general economy are being matched against the end item requirements of the military, and adjustments made in output. Then the National Production Authority is the old industrial operations end of WPB as it was set up in July 1942 under the title of the Director General of Operations. That is really what it is--two separate organizations." Maybe it will work that way. Maybe it will require change under some new circumstances, and with different personalities.

I think something more is going to have to happen. There is going to have to be a lot of strengthening and tightening of the organizational structure inside the military services themselves. Don't get me started on that. I will cut my own throat if I do. I don't believe that the procurement organization is very satisfactory anywhere in the three military departments at the present time. That has been gone over and hashed over a dozen times since the end of the war. There are a lot of agreements and disagreements about that opinion. I grant you all that. Nonetheless, I for one doubt very, very much if we can go along the way the structure now is set up; there will be some changes and some new personalities as we go along.

QUESTION: Dr. Millett, would you care to speculate on the place where the NSRB will fit into the picture with Mr. Stuart Symington?

DR. MILLETT: My hunch is that at the moment it is an unimportant issue. I think the NSRB is not very important.

QUESTION: Here recently when the labor leaders walked out of the Wage Stabilization Board negotiations, a number of commentators in the country stated that politically the big basic problem was the manpower organization. I wonder if you would like to comment on that.

DR. MILLETT: Certainly. This is one place where the organizational structure is going to have to be tightened up immensely if we get much beyond the level of operation that we have at the present time. I think I have said several times that the organizational structure for manpower was probably our biggest single failure in World War II. We cannot afford to repeat those mistakes in World War III.

Now, as I understand the present arrangement, it is something like this. Mr. Wilson has identified some seven different major areas of his responsibility. Some of these he is operating through committees and some he is operating through a single individual. Manpower is one

# RESTRICTED

he has decided for the present to operate through a committee--a manpower policy committee. Mr. Flemming is Chairman. Mr. Flemming had a great deal of experience running the Federal Government's immediate civilian manpower program during World War II. The armed forces had very satisfactory relations with Mr. Flemming.

This committee arrangement brings together at the moment a lot of people with Mr. Flemming simply as an impartial presiding officer. The role of the Labor Department in this situation is, I gather, somewhat unclear. Mr. Tobin has some aspirations that haven't been thus far spelled out in any instructions from the White House. There are other people with manpower ideas, like the Selective Service and the military departments. We have quite a few manpower administrators in the Congress.

Maybe for the present a committee with Mr. Flemming presiding over it is the best way to handle it. I doubt if this kind of arrangement could last very long if the going gets really tough. Manpower is vital. We are just fussing around with it at the moment.

QUESTION: You mentioned earlier in your talk that you have some rather strong feelings on the problem of determining requirements. I wonder if you would summarize some of these feelings for us.

DR. MILLETT: I hoped you would ask me that. I would like to spend quite a little time on it. This really isn't my bailiwick, but I should like to express an idea or two.

About three weeks ago I ran into a man who was in the stock control branch of ASF during the war. He is an industrial statistician. He has become very bitter about the inadequacy of the present supply control procedures and the difficulties in calculating supply requirements with the present elaborate form. He kept saying that it was all too much work. He thought it should be possible to reduce all of this procedure to a less elaborate basis. I got to wondering after that if we couldn't take an entirely new approach under present circumstances to the whole problem of requirements. What I am about to outline in very brief form is probably in essence what we have or what we are going to have. I suspect I am only suggesting something that is already implicit in the system.

I doubt very much if we can ever calculate requirements in exact detail for a thousand or two thousand major items. I doubt very much if we can ever calculate these in the nicety of meeting all agreed and conceivable operational and organizational requirements.

Why can't we then try a different method. Let us say we are going to devote 18 percent of our national productive effort to military output

for the next two years. You can't calculate exactly what that means in terms of increases in productive capacity, but in general we know what this will mean dollarwise in military spending. Then we must start with a strategic concept under these circumstances, with this level of output and decide what do we want to produce in terms of end items of military supply.

This whole problem is partly one of magnitude of the Air Force as against the Navy and the Ground Forces. It is a problem then of balancing. Within a given total magnitude and a general division output between Air, Navy, and Ground, we must have procurement requirements which balance. We can't purchase all tanks and heavy guns. We have to balance these with small arms, with trucks, with ammunition, and with a lot of other complementary items all the way through that procurement program.

We should take a look at what the major items of a balanced procurement operation would be, and keep these within the limits of a fixed proportion of our economy. Then we may have to adjust tables of organization and equipment or the tables of distribution to the supplies we are going to have on hand. In addition, some equipment will have to go to an international aid program. I suspect that the Munitions Assignments Board during the war was primarily engaged in dividing up current production as it came off the line and was stored in our depots. I think probably a lot of our foreign aid is going to have to be handled that way in the future, within the limits of what we are producing. We are going to divide it up after we have it on hand. There is no point in asking: "What is the military requirement for tanks and what is the foreign aid requirement for tanks?" The basic element is, How many tanks are we going to produce within a given level of productive effort? And, how many different plants are we going to have producing tanks? As I understand it, we are not placing all our procurement requirements with any one plant at the moment. What we are doing is spreading the output among several different plants on a partial basis. Then, if we should have to speed up later, we can move in with a rapid expansion. This is important. But let's calculate requirements in terms of production and economic feasibilities and not try to kid ourselves into thinking we can add up all our requirements on the basis of troop strength, allied need, and operational plans.

QUESTION: You mentioned the traditional military abstention from political and diplomatic questions. It seems to me that is is a very debatable question. Yesterday we heard a talk by a senior legislator in which he said: "You people of the military ought to help us. We cannot be experts on everything." On the other hand, we have known in the past certain military figures who certainly spoke their minds. Would you go a little further in evaluating what you mean and what you think the proper attitude in this regard should be?

RESTRICTED

1891

DR. MILLETT: I wish I had the wisdom to answer that. I just don't. It doesn't reduce itself, I would say, to any formula. But it reduces itself, just as I am saying, primarily to a matter of personalities, to circumstances, to the situation that you have on hand.

Let us look at it this way: Let us take the relations that existed in the Roosevelt regime during World War II with General Marshall, Admiral King, and General Arnold. Look also at General Arnold's relations to General Marshall. I think it was amazing the way that Marshall was able to keep Arnold in line most of the time. The relationship that existed between the Army and Mr. Hopkins in the White House was on the whole a relationship that was very cordial and friendly. When WPB officials for instance, or somebody else, started yowling too much, Mr. Hopkins helped the military a great deal. Mr. Stimson, Mr. Patterson and Mr. Forrestal understood and appreciated the importance of civilian-military collaboration. Sometimes they were accused of being stooges, which they never were. They were public servants. On the other side there was always the wisdom and forbearance of General Marshall, for example.

Someone--I think it was the "Chicago Tribune" and then it got into the Congressional Record--gave General Marshall h--- recently for not writing his memoirs, saying: "Well, if he is that kind of guy and won't lift the veil of secrecy on what went on in World War II, should we pay any attention to him now?" That is a wonderful attitude to take saying that Marshall's job was to criticize all his wartime associates. It's because he refuses to do so that his own personal relations in World War II were so effective.

I am not suggesting that the military is always right. But the military has a point of view that is dramatic and vital, and it has to be listened to.

On the other hand, there are other points of view that the military is just going to have to accept. I will tell you one little story that I am very fond of to illustrate this conflict of military and political point of view.

General Somervell was terribly upset as a military man because the Secretary of War ordered that all troops going to the Pacific from Europe must be brought home to the United States first. He worked all the figures up and took them to Marshall and he took them to Stimson and showed what was going to happen. We didn't have the transcontinental rail capacity to move those men that were scheduled to embark from the west coast. We didn't have the rolling stock to do it. We didn't have the port facilities on the west coast to load them and move them. It would have been an awfully lot simpler just to ship men through the Panama Canal into the Pacific and land them there and not go all through the States.

RESTRICTED

But Mr. Roosevelt and Mr. Stimson said: "Sorry. You can't do that. These boys have got to have thirty days in the United States on their way to the Pacific. You can't do it the easy way. You can't do it according to the logistic end of it." That was a civilian decision. I know that once made General Somervell accepted it. He was a good soldier. If the Japs hadn't stopped when they did all the troubles he forecast would have occurred. Remember that the first restrictions on Pullman travel in this country came after VE-day.

QUESTION: I am wondering what we can expect the role of the Munitions Board to be in another emergency, possibly World War III. Would you tell us what you think?

DR. MILLETT: I can try to do that very briefly. I will just put it this way: I think some degree of coordination and common collaboration between the armed forces in their procurement and supply operations is now indispensable. We had a very considerable degree during World War II, some in Washington, and more out of Washington. It seemed to us that the farther you got away from Washington, the more cooperation there was between the three services. What we have got to have is even more collaboration and cooperation here in Washington and in overseas theaters of command than we had in World War II.

I will put it further this way: I very, very much doubt if there should be three different levels of stockpiling, levels of supply, in the United States for items of common use between the three forces. After all, a great deal of procurement will fall in that category. We have a lot of cross procurement now. We haven't gone quite so far, it seems to me, in cross storage as we might, although I gather we are moving in that direction.

We are improving procurement arrangements for common items. I think that is very important. I am not suggesting the need of having a fourth logistic force alongside the Air Force, Army, and Navy. I am saying that we must have an agency with power to direct the three forces to work together on procurement and supply matters. That agency seems to be the Munitions Board.

For example, I think we made a great mistake in the armed forces in World War II in the way we handled our production urgency and manpower priorities program in the field. We were not able to get together. We did not have a common organizational pattern in the field. After all, manpower problems are going to be essentially geographical problems in this country. They don't follow the same lines as procurement specialists for the armed forces. Manpower problems are problems of housing and hours of work, utilization of labor, and of placing plants in the

RESTRICTED

1000

right geographical areas. This means, then, that these problems have to be handled on a common basis. They must have a common field organization, a field organization with authority to act in every major production area in order to handle manpower problems and production urgency problems.

It seems to me that the only place where you can look for the necessary leadership is in the Munitions Board. I don't want to look for it in a civilian agency. I think the whole operation is going to have to be stepped up a great deal.

Now, I think the board has been making some progress in this direction. I hope it is going to continue to progress. The degree of progress is going to depend upon a sympathetic understanding of the need for collaboration inside the armed forces. If we should have a lot larger procurement effort than any we have had before, we shall have to have more collaboration among the armed forces.

We were lucky in the last war, because we started from a base period when we had a reserve of manpower and materials. We are not starting from that kind of base this time. So anything that we do to step up military production is to that extent going to curtail the present level of civilian consumption and to that extent is going to increase criticism of actual procurement operations. If I as a civilian, looking on this from the outside, and a lot of other people on the outside, have any suspicion that we can criticize the armed forces for their procurement methods, we are going to do it. You have to be prepared for that. You have to be prepared to give us satisfactory answers; not just fancy answers, but really meaningful answers, answers that will show us that you are collaborating, that you are preventing duplication of supply levels, that you are handling procurement of supplies and distribution, from beginning to end; on the basis of common understanding and co-operation. If you don't do this, you are going to have more and more complaints about procurement operations--people saying that procurement ought to be taken out of the hands of the military entirely.

COLONEL BARNES: Dr. Millett, when we sent you the scope for this lecture, we had our fingers crossed. We didn't think it could be covered by any one man in that amount of time. You have proved that we were wrong. I am sure the class will agree with me in saying that you have contributed a great deal to their final problem. Thank you very much.

(2 July 1951--350)S.

RESTRICTED