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ANALYTICAL REVIEW OF NSRB'S PLANNING EXPERIENCE

23 May 1952

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Mr. Edward T. Dickinson, Vice Chairman, National Security Resources Board, was born on 5 March 1911 in Brooklyn, New York. He received his A.B. degree from Yale in 1932. From 1932-1935 he was trust auditor with the Brooklyn Trust Company; 1935-1936, special agent, Fidelity and Casualty Company of New York; 1936-1942, United States Steel Corporation, serving in various capacities; 1942-1943, executive director, Planning Committee, WPB; 1946-1947, vice president and director, Overseas Operations, World Wide Development Corporation; 1947-1948, vice president in charge of Educational and Religious Films, United World Films; 1948-1950, director, Program Coordination Division, Economic Cooperation Administration; 1950-1951, assistant to the Joint Secretaries, Department of Defense; July 1951 to January 1952, deputy for Installations, Office of the Secretary, USAF. He served with the U. S. Marine Corps from 1943-1946 and was awarded the Bronze Star. Mr. Dickinson was appointed Vice Chairman, National Security Resources Board on 31 October 1951.

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ANALYTICAL REVIEW OF NSRB'S PLANNING EXPERIENCE

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DR HUNTER: We have as our speaker this morning the Vice Chairman of the National Security Resources Board, Mr. Edward T. Dickinson. His agency, NSRB, has a very special place in our studies and a very great interest for us. This is partly because planning for economic mobilization, which is the statutory responsibility of NSRB, has always occupied a very prominent place in our course of study. It is partly, too, I suppose, because of the respect which academic people always have for the institutions and for the men who are actively doing the job which we simply talk about and write about, and occasionally even think about.

The establishment of NSRB in 1947 marked a very sharp break in national security planning in this country. In a bureaucracy it is axiomatic that an agency, once given power, never willingly surrenders that power; but occasionally you find an exception to this fundamental law. Not only did the armed forces not oppose the taking away of the responsibility for economic mobilization planning which they had held for some 25 years, they actually took the lead in 1945, when this subject first came up, in proposing an independent civilian agency to do this vital planning job, suggesting not only the essential functions but the actual name of the National Security Resources Board.

Again I think you will be interested to know at this stage of your work that, in the final committee report made in June 1946, the first postwar class of the Industrial College not only recommended the establishment of a National Security Resources Board but, for good measure, they put the Munitions Board under it.

We have always had a great deal of both respect and at times sympathy for NSRB. We followed its growth and activities with much interest from the very beginning, so we are particularly glad to have here this morning to give us a review of NSRB experience its Vice Chairman, Mr. Dickinson.

MR. DICKINSON: I am going to presume in speaking today that you have a considerable background in the legislative history, in the legislation itself, and in things that have occurred since NSRB was set up. I would like to give you today some of the philosophy of this job that we have in NSRB.

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In order to do that, I think it is necessary to go back and look at the historical setup that led to the development of the concept of NSRB. I believe its genesis goes back to World War I experience, when we realized that this problem of mobilization, this problem of modern war, was no longer strictly a military job; that logistics in support of the military departments had expanded, that it affected every facet of life in the country involved in war.

I recall coming to Washington in 1939 and discussing with people who were charged with these responsibilities in the Army and Navy Munitions Board some of the problems of future mobilization in the event of war. We in industry were then asked to review what had been done by the Army and Navy Munitions Board and, in light of the fact that the situation was deteriorating rapidly in Europe, to make some recommendations as to the kind of organization that should be set up in the event of war. That request was made to a group that later became known as the War Resources Board under the chairmanship of Edward R. Stettinius, Jr. It was composed of leaders of industry and business.

As you know the "Stettinius Report" was withheld from the public and was never used. When I say "never used" I mean it was not used as a perfect blueprint. It was not contemplated that it would be so used. In the beginning of that report, it was set forth very plainly that you cannot plan for the exact contingencies that will arise; that, therefore, the principle of any such planning in the event of total mobilization must be one of extreme flexibility.

That study, going over the experience of World War I, was based in part on reviewing Mr. Baruch's book, "American Industry in the War". It was based more importantly on one of the original source materials of Mr. Baruch's book that was drafted by a then Colonel, "Iron Pants," Johnson; and someday I hope history will reveal the proof pages of that original unpublished book from which later Johnson and Baruch derived in part the book that you now use as a classic. I think it is a tribute to the assistance given to Mr. Baruch that much of the original work was done by one of your own fellow officers in the services.

At the end of the Second World War, a lot of people in the Government and out of it felt that we should have in peacetime an organization at the Presidential level that had the responsibility for coordinating the planning of military, industrial, and civilian mobilization. And out of that grew the concept of NSRB.

Right in the beginning came the philosophical confusion that I think has affected all our thinking on this problem of mobilization planning and I believe will continue to haunt us as long as we have this kind of a problem. If you read the legislative history of NSRB, you will find that the testimony supports the view that what was wanted was a blueprint for mobilization; that we should have a skeleton setup that would move in

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and take over in the event of mobilization and upon which we would build all our wartime emergency agencies. The National Security Act itself, however, was not drafted that way. It is quite specific--the National Security Resources Board is an advisory agency to the President. The Resources Board has no operational functions and is directed by the act to use the facilities of the other agencies of the Government to the maximum extent.

I talked to a high-ranking member of the Senate Committee on Armed Services three days ago about this concept. The one thing he wanted to be sure of was that this was the concept: that we are advisory; that we are concerned with the coordination of the work, and utilize the facilities, of other agencies of the Government in security resources planning.

When we were first set up late in 1947 and early in 1948, some of the people did not believe that the legislation meant what it said but felt that perhaps the testimony was controlling. As a result a bid was made by NSRB on 30 April 1948 for operational responsibilities. That bid was rejected by the President who made it quite clear that we were to be his staff arm on security resources problems. In order to reinforce that feeling, the President directed that the Board move from the Pentagon, where it was originally located, to the Executive Office Building, where it could be brought physically closer to the other staff arms of the President--the National Security Council, the Bureau of the Budget, the Council of Economic Advisers, and the White House Staff. This move induced closer working relationships with these Presidential agencies and emphasized the advisory character of the Board's job and where that advise was to go--to the President.

The staff role of the NSRB to the President was emphasized when, on 20 June 1949, Reorganization Plan No. 4 became effective. This Plan incorporated the NSRB into the Executive Office of the President.

Reorganization Plan No. 25 in 1950 went a step further in rectifying some of the organizational problems which had hampered the NSRB in carrying out its staff service to the President. In the original concept, the Board itself was controlling. That is, the members of the National Security Resources Board--the Secretary of Defense, of State, etc.--were vested with the power of the NSRB. Reorganization Plan No. 25 transferred the functions from the NSRB to the Chairman and made the NSRB itself advisory to the Chairman. In other words the Chairman of the National Security Resources Board can now go to the Secretaries of State, Defense, Treasury, etc., to seek their advice. After considering their advice on matters within the statutory responsibility of NSRB, the Chairman of NSRB makes his own recommendations to the President.

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One of the problems that was thereby avoided was the situation wherein the President was put in the position of overruling his own Cabinet (the majority of which were members of the NSRB) when he disagreed with an NSRB recommendation. And that is a very practical, living, day-to-day problem. In order to get cooperation throughout the Government, it is not good practice to develop a frozen position within the executive departments prior to consultation with the President. Advice of the Chairman of the NSRB now is given to the President and the Cabinet is not necessarily committed.

An additional factor is the evolutionary pattern developed in any board-type setup over a period of time. Frequently, in order to set up a coordinating group such as this--I use "coordinating" not in the directing sense, but one that pulls together--you first have to make terms putting everybody to be coordinated in mutual control, but once they get used to the coordinating concept, it is possible to put the control in an individual such as the Chairman. I think if you examine the history of military boards or of other civilian boards in the past, you will find for the most part that, just in order to operate efficiently, it is found that by statute, by order, or by practice, the power eventually ends up in the Chairman as to executive decision.

Under the board-type setup, moreover, the Chairman faced the problem of effective utilization of the NSRB itself as a top advisory group on the scope and direction of mobilization planning, drawing each member sufficiently into the active mobilization planning process so as to enlist his active and continuing support of mobilization planning activities within his agency. But at the same time limiting NSRB participation to the end that its members did not become so involved in the substantive details of planning as to effect a second supervisory level over the staff work of NSRB and delay indefinitely the formulation of advice to the President.

The change wrought by Reorganization Plan No. 25 has brought the Chairman into close personal working relationship with the President, enabling him to assert his influence individually on his behalf rather than become submerged as a member of the NSRB. This has made it possible to get true staff assistance to the President clearly identified with the broader pattern of Presidential responsibility and undiluted by the dominance and jurisdictions of the several departments and agencies represented on the NSRB. The Resources Board continues to make the fullest use of the facilities and resources of the departments and agencies. But the NSRB members, though consulted, are no longer encumbered with the earlier handicap of ultimate responsibility for the extensive and detailed activities of the NSRB under circumstances where they could not and did not exercise a supervision and leadership commensurate with that responsibility.

As you know the Resources Board's first Chairman, Arthur M. Hill, resigned when he found that NSRB was not to have directive or coordinating authority. My job today is to review what happened in the past. Since I

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have no axe to grind as to the past--I have just been over with NSRB part time since last October and full time since 1 January 1952-- I will try to give a relatively objective review of that period.

In the initial stages there was a definite lack of a clearly defined work program for the NSRB. In the first place there was the immense job of getting organized, staffed, and housed. In the second place the period of 1948 was pretty tense. We were coming into the realization that the glorious haze of the immediate postwar period was over and we faced a real threat from the Soviet dominated areas. Therefore, there was a preoccupation with short-term, day-to-day work to meet this very critical world situation, with less emphasis on long-term planning. As a result the work of the Board was badly out of balance when compared with its statutory responsibilities.

Early in 1949 Dr. John R. Steelman, who was designated Acting Chairman of the Resources Board following Mr. Hill's departure, set up a task force to analyze the role and program of the NSRB. The task force reasserted the Presidential staff role of the Resources Board and rejected the principle on which the original staff and planning work was largely based, namely, that you could blueprint mobilization--you could have a blueprint; you pushed a button, everyone fell together, and you went marching off to war. Instead of that the emphasis of the NSRB under John Steelman was directed toward policy analysis.

In other words, what are the problems involved in total mobilization? What are all the factors that contribute to these problems that will arise? Which of these factors are controllable? What can you do in order to anticipate the gradual transition into total war? There was also a need for priority: What do you do first?

Initially, too, there had been a tendency on the part of the Resources Board staff to keep much of the planning within their own hands, drawing on industry task groups for quick answers to the problems of mobilization. Failure to make the fullest use of the vast resources and know-how of the government departments and agencies was contrary to the Resources Board's legislative mandate and brought the Chairman into conflict with agency heads represented on the NSRB.

Under the aegis of Dr. Steelman, however, the Resources Board relied heavily on the agencies of the Government for work on broad, as well as on specific, problems of resources mobilization. The Resources Board, in collaboration with the agencies, laid out the program, developed guiding assumptions, and gave leadership and coordination to government-wide mobilization planning. As part of the process, industry would be invited to work with the Resources Board and the collaborating agencies in developing possible solutions to anticipated wartime mobilization problems.

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By the Spring of 1950 the NSRB, operating in line with its statutory functions, had done much to identify the problem areas in resources mobilization and obtain government-wide participation in planning to meet those problems. At this juncture W. Stuart Symington took over the chairmanship of the Resources Board.

Mr. Symington was convinced that there was a need for immediate defense preparations. He felt that we were heading for trouble and he immediately set new priorities to insure that the staff's primary attention was directed to matters of instant importance. He worked on that seriously, on the problems of civil defense, for example, because he didn't know--none of us knew--when we might be attacked. For the first time in history the United States itself, other than on the seaboards, was subject to attack, devastating attack that could destroy our industrial potential. We no longer had time to prepare. When war came we had to be ready to go.

As you know this reorientation of the NSRB's work was hardly well under way when the Korean crisis broke out in June 1950, requiring immediate partial mobilization. The Chairman was called upon to undertake additional duties of a direct coordinating and operating nature with respect to the initial mobilization build-up. For the next six months, the nature and character of the NSRB's functions were substantially altered. Although the NSRB continued to function in accordance with its statutory mission, the major emphasis in its work was directed toward assisting the Chairman in carrying out his new responsibilities and assisting the emergency agencies in the development of their control programs.

It never was intended and was never determined in this period that NSRB itself should become an operating agency. It was intended that the people who had been engaged in the planning, analyzing the problems of mobilization, would go to the emergency agencies. In the NSRB's plans for setting up a wartime organization, you will find that it was contemplated that there would be created emergency organizations, a number of which were of the types that actually were set up in this Korean situation.

I would like to say one other thing. Our terms of reference were generally for total war. We had various programs set up for a war situation and for quick transition to total war. The Resources Board's plans, therefore, had to be modified in the light of the limited situation, not only as to the size of the problem but also as to the political temperament of the people. It's all right to say we should have put controls on everything; but it wasn't solely an executive decision as to what you did. You had to do what you did within the powers you thought you could get from the Congress of the United States. None of us will ever know what powers might have been obtained. It is a moot question;

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you can debate it from now until doomsday. You will never get the answer. We can have our feelings as to what should have been done. You will never know what could have been done.

I would like to show you what we did when the new agencies were set up. In the first place the Defense Production Act of 1950 itself was based on draft legislation that we already had prepared. We still have in draft all that legislation, Executive orders and everything else that is necessary in the event that we go into total war.

It was on the basis of that type of stand-by legislation and plans that the Defense Production Act of 1950 was drafted and the emergency machinery developed.

The important thing in planning, as I see it, is to identify the problems and alternative methods for their solution, to get people thinking about these problems, make them aware of what can and cannot be done, and then let those people assigned to responsible agencies work out the organizational and substantive problems in the light of specific circumstances.

We transferred 311 people to the Defense Production Administration which was set up in January 1951. These were the nucleus of DPA. We transferred to the Federal Civil Defense Administration 121 people. They were the nucleus of FCDA. To the ODM, which you know is a smaller organization, we transferred 39; to the Defense Electric Power Administration, 1; to NPA at that time, 1, although many more were subsequently transferred from DPA to NPA. To the Petroleum Administration for Defense, we transferred 2; to the Defense Transport Administration, 2; to ESA, 12; and to the Munitions Board and other agencies, we made miscellaneous transfers.

I will name a few people who were transferred from NSRB to emergency agencies. Glenn E. McLaughlin became Director of the Planning Staff, Office of Program and Requirements, DPA. Frank M. Shields, Director of NSRB's Office of Production became Deputy Assistant Administrator, Industrial and Agricultural Equipment Bureau, NPA. Fred Winant, Director of our Foreign Activities Office, took over the job of Director, Foreign Coordination Division, DPA. Charles H. Kendall went over as General Counsel of DPA. Howard Coonley went over as Director, Conservation Division, DPA. George A. Steiner, whom many of you may have met, went over as Director of the Requirements Committee Staff, Office of Program and Requirements, DPA. John F. Skillman and Arthur Sufrin, who played an important role in developing a Materials Control Plan in the Resources Board, were assigned to the Office of the Assistant Administrator for Production Controls, NPA, the former serving as Director of the Technical Coordination Division and the latter as Director of the Production Controls Systems Division, NPA. G. Griffith Johnson, formerly Director of the

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Economic Stabilization Division in the Resources Board, became Economic Adviser to the Administrator, Economic Stabilization Agency. William Hahman of our Energy and Utilities Office became Deputy Administrator of the Defense Solid Fuels Administration.

I think that this was a most important contribution. We had a group of people who had been engaged in an analysis of the problems we were likely to face in the event of total war. With that background and knowledge they were able to take the plans and programs developed in the Resources Board and make such adjustments as were necessary to meet the new situation.

I would like to get one thing straight. NSRB is not sitting up in an ivory tower; it is not composed of a bunch of long-haired pencil pushers. It is amazing how quickly you get typed that way. It is an old problem. I know in the Marine Corps how we were about "pots and pans." A fellow could be out on combat one day and the next day he was assigned to planning at headquarters. The fellow who was his associate in combat was very polite to him for the first three months out of combat. After that all he did was gripe about all the cockeyed ideas that came out of Washington. If you are in industry and you are in the home office, you think everybody in the field office is a nut and can get into more trouble than anyone. If you are out in the field and you are trying to sell or operate, the home office can foul you up faster than anybody else. That's the kind of situation you will find when attitudes change with the job in hand; it is a natural and human reaction and much of this problem of mobilization is a human problem.

The greatest compliment that can be paid to the NSRB is to have the work that we have done taken to be somebody else's and, so far as we are concerned, have a feeling develop that they learned nothing from NSRB because, if they truly believe everything is their own, they are going to do a much finer job.

The work of the Resources Board brought forth studies and plans covering all aspects of war mobilization, as well as numerous recommendations of current readiness measures needed to establish an effective base for transition from peace to war. When our personnel originally moved out, they not only moved themselves and the desks but many of the files. We have a little scouting job trying to get back even one copy of some NSRB reports. You will find in the files of any emergency agency original documents of NSRB.

I would like to make another thing clear. We don't do our planning sitting here in Washington. We can't do it that way. You are all familiar with the air transport plan adopted under the leadership of the Department of Commerce as to what to do with commercial aircraft in the

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event of total mobilization. It was interesting that when the Air Force concurred it said that this plan was conceived and developed within the Department of the Air Force. That's perfectly correct in a way because the Air Force people were serving on the coordinating committee which did develop many of the concepts. But if you look at the NSRB report of C. R. Smith, head of American Airlines, you will find the whole blueprint was worked out by CAB, CAA, the Departments of Commerce, Defense, Air Force, and others. The Air Force program is the original one that NSRB developed--not sitting here, but going out and discussing the problems with the leaders of industry and other officials who have to be running the show. That's the way programs are developed, sitting down with the people who know.

We have problems of industrial dispersion; you have all studied that. You remember all the cockeyed thinking about having to move from the coast to the interior, and sometimes by so doing you moved more in a direct line of flight from Soviet bases. We sat down with industry and labor and went into the community-attack problem in Seattle. They were screaming murder--that they were going to be wiped off the map by industrial dispersion. We sat down and said, "Look, guys, this is the problem; you have an atomic bomb burst and it does this. What are you going to do about it?" We developed a satisfactory concept of moving them outside the range of that burst but still kept them within the same marketing and labor supply areas. We dispersed within the community. We developed these principles and worked them out with industry, with the communities. We didn't sell it. We had the Seattle labor and industrial leaders go out and sell it to the other communities. That's the way we work.

They put in a new hydraulic press in the Cleveland area, a German press, loaned by the Air Force to the Aluminum Corporation of America. We find there are a 50,000-ton and a 30,000-ton press on the way. Where were they going to put them? Within a radius less than a mile from the original 15,000-ton press. You could have all your heavy press capacity knocked out, and you don't need an atom bomb to do it. If you have a good World War II blockbuster you can do the job. A heavy press is a pretty tough baby to knock out; but when you consider the control mechanism and the headaches you have in running that kind of power through a press and know what a near hit can do to those controls, it behooves us to make sure we don't get all the heavy press capacity just in one little area. The Resources Board has taken up the matter with the military and the desirability of an alternate location is under consideration.

One thing we are doing at the present time is scanning the present program to make sure we are thinking of everything. For example, we found we were not thinking about post-attack industrial rehabilitation. The Resources Board became actively concerned with stimulating positive action by and between government agencies and industrial and other non-governmental groups. The Resources Board's long-term efforts in this

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area have been integrated with the more immediate efforts of the Office of Defense Mobilization, the Defense Production Administration, the Federal Civil Defense Administration, and other agencies. Inter-agency task groups were constituted to consider the various aspects of post-attack rehabilitation. We approached industry and had the Stanford Research Institute and the Rand Corporation working on particular problems for us. We analyzed the problem and set up a program. Now DPA is ready to move in; a deputy administrator has been established to take on the job. That's the way we work out a problem--we scan it, get the concept, the organizational planning, and the basic research done; then it is all yours to run.

What I am going to say now I must ask you to keep, not necessarily off the record, but off the record in the sense that I don't want you going around town saying, "This is all that NSRB is doing."

I want to tell you the way we look ahead. We have to figure out what areas of decision we face in the years ahead. Are we going to continue in the cold-war status; are we going to lose Japan; are the economic forces going to be so strong as eventually to force Japan to range itself with China; if it does, what impact is that going to have on us? Are we going to lose Southeast Asia; if so, what decisions must be made to replace the raw materials lost, or rice that will be lost--rice that Japan needs, India needs, and Africa needs, because it comes out of there? What about the Germans--are they going to stay in with us or are they going to get out? Suppose the concept of neutralism dominates in Europe, say in the period of 1955 to 1960. What impact would that have on us? Suppose instead of being our allies they become a threat to us. What happens if we get subversive influences not only in North Africa but also in West and South Africa?

In all of those contingencies, you have to look out for and anticipate difficulties. You have to sit down and discuss them. It is not easy. Somebody says, "We have enough problems to solve. Why are you thinking of more problems?" We try to think about them so that we have the final concept for war ready for the contingency when it arises.

This is an election year. You are not going to get very much dynamic policy-making this year. You are going to have to make dynamic decisions this year, but they are going to be forced on you by outside forces; you are not going to have internal dynamics. You have also an established pattern through 1955 to be considered. I am sure they will get through the defense program. That is already established. But you have to make decisions in 1953. No matter what comes up in the first three months of 1953, they are going to be some of the most important months over the next several years; because, if you don't make decisions then, you won't consciously know where you are going in 1955 to 1960.

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There is another challenge, the guided missile; what it can do to the defense of the United States proper and how that affects the Soviet. How about the cost of the guided missile? Can you put the guided missile program on top of the aircraft program and still have as large an aircraft program as is presently projected? How far can the economy go in that respect? What impact will that have on production facilities, on raw material, on political philosophies?

There are a thousand and one contingencies, a thousand and one problems. What we want to do is recognize that there are certain areas of decision in 1953 that will establish the pattern of 1955 and 1960 plus. We have to think of that. We are not in NSRB to say what the decision will be, but we should point out the areas of decision. I have great faith in the American people. I have great faith in the military. I don't think there's such a thing as a military mind. I think it is an American mind. If you present problems to the people, or the Congress, or the executive departments, they are going to think out very good answers. Our job is to analyze that problem, not blueprint it. We are not a bunch of planners trying to plan Utopia or h--- or anything else. What we want to do is analyze all the factors involved, find out how many factors are controllable, and leave the decision up to the people, that is, the President and the other duly elected officials of the Government.

I am running a little over. I would like briefly to indicate the role of NSRB in the NSC. I understand there were some questions yesterday in that respect. The Chairman of the National Security Resources Board is a statutory member of the National Security Council. The Chairman is concerned with two problems in this area: (a) drawing from NSRB staff channels and from appropriate agencies of the Government the economic considerations required in top NSC policy decisions and (b) taking NSC policy and decisions and translating them into NSRB mobilization planning policies and programs. I sit on the Senior Staff of the NSC and my job there is to consider each proposed policy made, analyze the reasons for it, and make sure that the NSC considers the impact each decision will have on our long-range interests from the security resources point of view.

Let's take a theoretical problem. Suppose we had in West Africa the same problems we now have in Morocco. You have to make a decision as to where we stand. You might make the decision that you are going to stick with the French or make the decision that you are against colonialism of any kind. NSRB's role will not be to specify as to that although we have a vote as to how it may go. Primarily, we would want to make sure that NSC realizes what the decision will mean over a long range. In West Africa we get most of our columbium, much of our uranium and manganese, and most of our cobalt. If that part of the world is later dominated by people you did not support, you may not be able to have that material when you need it most.

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We are not saying you should make a decision this way or that, but weigh the consequences. We try to look ahead in terms of production resources, the total manpower of the United States and of the world, raw material resources, natural resources, water, and everything else. We try to weigh all those in the short-term and long-term periods and give what judgment we can to them. By giving a judgment, we give the combined judgment of the various agencies. We bring them together. We have a team that can move quickly. We don't have a large organization. Everything is done so that we can get relatively quick action on a problem.

We quickly bring something up. If any executive department doesn't want to face up to a problem we can force, in the Senior Staff, consideration of that problem quickly. We have, I think, a real function to perform in NSC. We have had a lot of fun in the Senior Staff of NSC. I am sorry all the discussions are off the record, because I think the most exciting, stimulating discussion near the top of administration goes on in that organization. Don't think they are a lot of woolly-haired guys. They're not; they are a lot of pretty regular people.

I will now try to answer your questions.

COLONEL BARNES: I notice that we have a number of NSRB people here. It is their privilege to ask questions as it is that of our own men.

QUESTION: Sir, if I understand you correctly, you said that having less control at the outbreak of Korea was somewhat attendant on your idea of what Congress would do or would not do. It has been my understanding as a matter of fact that Congress took the lead and went a little bit further than the Administration, asking even for powers to which the Administration was opposed.

MR. DICKINSON: I think psychologically it was important to have Congress take the lead. I think that is the best technique in the world. You don't tell Congress what to do; you tell its members what you need, the way the Air Force does.

As to the imposition of controls and the reluctance to move rapidly, when you have to get the executive decision that you must get, the economic forces operating to give you the goods, and get them flowing in the right direction before you have the organization set up to impose controls--when you have that kind of situation, you have to go a little slower than you would like to go. It is all right to ask for voluntary compliance; 80 percent of the people will pay attention, but you should see what happens to your inventories and price structure. You can ask, enforce, and slap down big business, but you recall that every time we had price controls we had in steel a gray market run by the little fellows.

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We thought it would be better to let the economic forces for a while operate to get the material flowing in the direction in which we wanted to get it flowing. A number of controls were put in, based on the combined judgment of people dealing with labor and industry on real problems of trying to put in real controls and not kid the public. We may have been a little slow in that initial period. It was a very difficult problem. Some of the greatest pressures against controls came from business itself, which now thinks we should have them.

QUESTION: I heard with a great deal of satisfaction the future plans, the looking forward to future events. It is nice to know some consideration is being given to them. I wonder, though, if you are exercising any effort to stick strictly to the economic mobilization features of those events, which is the mission of NSRB.

MR. DICKINSON: First, I think you had better read the statute.

COMMENT: The point I want to make is, if you get too far afield and get over into international politics and to matters outside the NSRB charter, you may find yourselves in the same position you were on 30 April 1948.

MR. DICKINSON: I think your question is quite legitimate. What I pointed out is we don't try to make a decision. What we try to do is make sure that through the medium of the NSC the State Department, for example, is considering the security resources aspects of a particular area of decision. We don't try to second guess State; all we do is wrestle with the problem from the resources point of view. You recall my example of West Africa--taking the products of West Africa, Nigeria, and the Gold Coast, we find you could not run a war economy if these products were not available. Therefore, our task is to size up the long-range ability to get that stuff out, to get it out without sabotage or other interference in the event of emergency. Then we rest the question with the State Department in the international field. We don't try to find the answer. We consider the question as it affects the resources. That is our function.

QUESTION: Mr. Dickinson, on this question of why weren't full controls imposed more rapidly after Korea, it seems to me as I recollect the situation now that the Korean hostilities were not going to be of sufficient magnitude to make a substantial impression on the United States economy until after the Chinese moved in December 1950 and, as I recall it, the controls were imposed pretty rapidly and completely after that period of time elapsed and defense orders commenced to take a real bite out of the industrial production. I wonder whether, assuming that the thing as it first broke out did not look too big or too bad, this criticism of why didn't you move faster and so forth is justified; and in looking back on it, I wonder whether it wasn't a pretty well-worked out deal. I would like to have your comments.

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MR. DICKINSON: I think you have stated the problem very well. I wasn't at that time in a position to have to make those decisions; but I think you should take into account what I tried to emphasize before, the fact that we didn't have the machinery set up to put in extensive controls, that we did put in enough controls to direct the supply to the military services and to give them first priority, and to make sure they got it. I think you have analyzed the problem and answered your question, and I just concur. In some respects we think preparedness measures should have been taken more promptly. For example, we would have liked to see machine-tool orders placed nine months before they were. We recommended that--had "phantom orders" set up in RFC ready to go.

COLONEL BARNES: Mr. Dickinson, would you expand that a little bit in the light of the Baruch policy? His criticism was that there were no controls put on, that what should have been done immediately was to impose a price ceiling and work out the adjustments afterwards.

MR. DICKINSON: I have great sympathy with Mr. Baruch's policies, but I think you cannot put on controls unless you can enforce them. You can't enforce them without machinery and the average businessman is no babe in the woods. He is going to survive; he is going to protect himself. If he doesn't, he is fired or goes bankrupt. It is all right to talk about imposing ceilings; but if you can't arrest the man, bring him to trial and put him in jail in two months' time, and have the machinery to do it, things are not going to flow. By and by, and so far as this question of decision you face is concerned, if we could police controls, we might very well want to impose them. I mean various controls. But even if we did have the machinery set and ready to go, I wonder whether it could have been effective in keeping the inflationary pressures down.

Now, what Baruch's idea might have been would be to control to a limited degree all apparent speculative inflation. I say "apparent" inflation; in other words those places where you could control and keep a record. I go back to industry. You can control the apparent public price; but if anyone has been in industry--I don't care what the goods are, textiles or anything else--you get an inquiry at one price and you have 76 ways to play it. For example, you establish a price, state it on the bills of lading and it is known as a public price; the items are kept stable from a price viewpoint but the specifications and quality may vary considerably.

I think when you have varieties of interests, you have to be able to move in with a complete control system to be effective and not cause injustices and not cause serious interruption. We tried to put in controls on productive materials to run them through where they were needed as quickly as they were needed. I think we accomplished that. I think we took a calculated risk in allowing a degree of speculative inflation to occur. I think after that did occur, as you will recall, market

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prices did drop for a bit. Then later, as costs went up, labor costs, costs of bringing in additional facilities and new investment, we got the real inflationary pressures that we are trying to control.

QUESTION: Mr. Dickinson, what is your opinion regarding the effect on NSRB of not filling the chairmanship following Mr. Hill's resignation?

MR. DICKINSON: As I recall it, John Steelman came in then and had a complete reorientation, putting NSRB back on its tracks.

QUESTION: I would like to go back to a former question. I think there are a lot of us that may not agree with the general idea. First, for example, the terrific increase in the cost of living that this country experienced is a fact that might be against what he said there; the low amount of hard goods that the military received after Korea and for some time after and even today; the shortages of ammunition that the Army has faced; our increases that are of more consideration than the impact on our international relations, the domestic and international economies of war. The dollar has gone so high now that the American taxpayer is being forced to pay a bigger share of the NATO fund. I might suggest that we didn't put on controls as rapidly or as effectively as we might have.

MR. DICKINSON: First, I deplore everything that you deplore. Second, you recall that if you really put controls on prices, you have to put on wage controls at the same time. I think if you made an analysis of the distribution economy in the United States today, you would find that those of us who have fixed incomes have really been squeezed; there's no sense kidding about it. But the productive part of the industry, that is the labor, has been able to get an increase in income commensurate to a considerable degree with the rise in the cost of living. I am not going to get into that argument or we will be here until five years from now.

I would like to have seen certain controls imposed. From the viewpoint of getting the mobilization under way and getting things to the plants, it wasn't too bad, at the rate at which it had to be done.

As to your second question about the cutback on the delivery of hard goods, Mr. Wilson has stated that he denied the military nothing as to raw materials. He didn't know what the services wanted and they didn't know what they wanted; but he denied them nothing. This problem of requirements is a problem I would like to see licked. We have been playing with it a number of years now. The fact of the matter is even as of today, you can't get firm military requirements for raw materials.

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Bringing in new capacity, new design changes, you have the alternative of going ahead and turning out your old model and getting it in great quantity, or of redesigning as you go through the production line, with the consequent hold-up in delivery of hard goods.

As for the impact on the international situation, I have been in the Marshall Plan and the Mutual Defense setup. I think they are serious questions. It has worked two ways. Britain went off the Marshall Plan before it was finished because it got enough dollars out of Malaya in rubber and tin when prices skyrocketed. So that the impact is that you get yells from the sectors that were really hurt. We had to depend on them for our raw materials and we didn't like the high prices. Britain wanted food prices controlled because it bought most of its food from other countries. We had a lot of commodities we wanted to control but which the British didn't want to control and vice versa. That is the kind of world we live in. That doesn't mean they were being improper. It is the normal attitude, our own attitude. We want our own prices to rise to whatever we can get, but the fellow who has to bear this doesn't like it; he wants a control. I think that when you balance this thing out we have done a pretty good job. I think we have failed in a lot of fields to reach the ideals we would have liked to achieve.

If you look back at our target figures on military production, we failed to reach those targets. Maybe they were not realistic targets but they were incentive targets. The same thing goes for delivery dates of planes, tanks, and other equipment to Europe. Our initial targets have not been made but there have been mitigating circumstances. We couldn't deliver before those countries had personnel ready to utilize them; their organizations were not yet effective.

I think dollars are going to be scarce in Europe for the next hundred years. The reason is that our growth here in this Nation increases at a rate greater than that in Europe or other parts of the world. We have been averaging an increase of at least 3 percent per annum of real gross national product; Europe has had only about 2.5 percent, and the Far East, 1.5 percent. Those discrepancies exist, so we are going to have to pump out dollars in one form or another, by gift or otherwise, or loans without interest, in order to make up the gap and get the Europeans on the basis where they can eventually raise their GNP at the same rate. Until we lick that situation, we are going to have the same problems that we have now.

QUESTION: My question concerns the machine-tool industry, which was forgotten over a long period. Now that we have the machine-tool industry expanded, has your agency given it any thought?

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MR. DICKINSON: Not only that, but the Vance Committee has an interest in the machine-tool industry. We have many problems. We are working on certain aspects with Joe Fowler of DPA and the Vance Committee on this particular problem. I think the technical changes that have occurred in the machine-tool industry are going to have an impact on the economic structure, productive distribution, and perhaps corporate setups. I think we have to analyze them carefully. We are making such an analysis--working with the industry, with the firms, and with expert consultants we can get on the problem. We think it is going to be a real problem. We are trying to anticipate what the problems are.

QUESTION: Mr. Dickinson, under the terms of the charter, the Munitions Board is supposed to get the military requirements presented to NSRB which in turn has to get the civilian requirements and add them together to see if the economy can support them.

MR. DICKINSON: That's right.

COMMENT: For lack of a better basis, you are using the World War II experience for estimating consumption figures. Nobody considers them a good basis since we didn't make any sacrifice and only used two-fifths of the production. Have you come to any new or better basis than World War II figures?

MR. DICKINSON: Whether they are better is a moot question. They are newer. The great difficulty in so-called civilian requirements-- I think it is a bad name--is that we have to look at them in terms of what we are thinking of at the present time, which is a war-supporting economy; everything in the civilian sector in the event of total mobilization must be in support of a viable, efficient mobilization economy. Therefore, our thinking is that we are trying to reach decisions as to what the requirements are, then you have to consider them in the light of the impact on maximizing availabilities.

In other words take labor--you have to determine if it is most efficient to move labor around by order as they did in Britain. You have studied the history of Britain. With all the British labor orders, they still had inefficient distribution of labor and an inefficient return on the job, compared with what we did.

We don't know whether directed labor would be a help to us. If it were, you have to take into account the special food situations that develop with directed labor, food requirements, and the luncheons served at the factory--in other words the incentive you require to get the people to work the hours they have to work in the factory.

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What we are doing is not talking about civilian requirements per se, but trying to look at them as war support. We have certain short-term estimates; as you go into a longer-range war, certain other estimates. We have them on manpower, for example, the limits of manpower available to the military in order to have a war-supporting economy--something we can measure; something that has been used by the military in making recent adjustments. We are trying to think in those terms. Whether they are any better, only time will tell.

But we thought some of the estimates made in World War II were not too bad in the critical sectors of the economy. I think they were poorer in a lot of other sectors. The basic problem remains, however, of obtaining firm military requirements.

One facet of our work in developing feasibility tests to determine the validity of requirements is directed to what we call the timber-cruising approach, going into the forest and figuring out how many trees and what varieties you have, the kind of equipment needed, the kind of manpower, and all the other factors that must be determined quickly and within the limits of accuracy so that you can run an efficient timbering operation. That is what we are trying to reach for--a simple technique. These feasibility tests must get the critical components under control and let the rest flow in naturally.

QUESTION: It seems to me that we are in for a long period of either cold or hot war, and that was what the framers of the National Security Act in 1947 had in mind in working out that act. We seem to have failed to organize the Government for such a long-range cold war. We organized the military part of the Government, but we didn't organize the civilian part, including the functions of NSRB, generally enough for attention. Would you care to comment on that?

MR. DICKINSON: There are a couple of factors. First, reorganizing the Government of the United States is not a simple job. There have been a number of facets of the operations of the Government adjusted to meet the requirements of the cold war. I will give you the State Department as an example. I think in certain fields, in an attempt to meet the requirements of the cold war, it has taken on functions that almost break its back. It is a continuing problem. Moreover, we have a Psychological Strategy Board--civilians, diplomatic, and military--set up over the objections of many people. This was accomplished, I think, mostly through the efforts of the civilian Secretaries of the armed forces. In the psychological field, there are important changes going on within the Government to meet the situation.

After you get reorganization plans on paper, you find that all kinds of justifications and clearances are necessary before approval is obtained and after that it takes a long time to get the plan working.

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As for NSRB, our current organization, I think it will fit into the pattern. I think NSC has become an important force in the cold war. They didn't know how to use NSC to its full potential at the beginning; it has become more important as an organizational instrument in this battle. You have to get people working on cold war problems with mutual faith and confidence that only comes with time. You have to understand the close relationship between the diplomatic and military departments to work out the ad hoc arrangements necessary to fight a cold war. In this period of cold war, it is becoming apparent we can act pretty quickly. As to whether or not we should reorganize further is a moot question.

QUESTION: If we had the machinery planned, why couldn't we have put on controls generally?

MR. DICKINSON: You can have a perfect blueprint for a house, but you can't move the furniture into the living room until you put the floor in. That's the kind of problem we have. We had people trained at that time, we were all set up to move, but it takes time to organize. You can't plan a battle if you have all the war plans in the world until you have the logistics set up; you can't fight a battle and win it without proper support and organization.

That is what we had in the control situation. We had the framework, the skeleton, but it had to be adjusted to the situation. We had the people to run it. For example, right now we have all the forms ready to go for a rationing system. We are not going to use them but we have them there. We know how long it takes to print them. There are only three printing plants in the United States that can work on them. It will take three months working full time to get them out. That is one problem we analyzed and one factor we would have to take into account before we could put a rationing system into operation.

QUESTION: Would you like to comment on the recommendation that came out of that student report here at the Industrial College several years ago that the Munitions Board should be located under the National Security Resources Board?

MR. DICKINSON: First, I would like to offer a silent prayer for the Munitions Board. We would not want it under NSRB. Our Board is advisory and we think the Munitions Board has an operating job. Fundamentally, it coordinates and operates directly with the armed services. I think the Munitions Board must be closely associated with them. We would not want to have that Board under the NSRB, although we do work very closely with it. I see Jack Small and Mr. Houston on our problems, but our job is to use them as we use any other agency of the Government.

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COMMENT: What I was trying to bring out is, a number of students in the Industrial College in their discussion of the problem felt that the Munitions Board's function of coordinating the requirements in terms of military end products certainly is a legitimate military function; but the function of coordinating the requirements in terms of materials, in terms of components, parts that tie in with the rest of the economy, on which you have an overlap, could better be performed in a civilian agency, on the civilian side of the Government, rather than in effect creating a double organization for the determination of requirements--civilian on one hand and military on the other.

MR. DICKINSON: Let's get it straight. We get the total military requirements from the Munitions Board. We get requirements for civilian items, as you recall, from the Department of Commerce; we get certain other requirements from the Department of Agriculture; we get certain other requirements from the Department of the Interior. The Munitions Board is simply one of the sources of information we get together and put into the total picture. We don't sit down and take a nonexistent crystal ball and think up the requirements for the civilian economy, or what I like to call the war-supporting economy. We depend on the existing operating agencies to give NSRB the information. We analyze it and try to put it together to make one picture of it. We depend on the agencies just as the Munitions Board depends on the services to give it requirements.

QUESTION: I am thinking of before Korea. Based on what you said, I assume that the NSRB appreciated the fact that mobilization plans as set on paper are about as effective as the proverbial good intentions; that you appreciated the fact that they are not on a very sound mobilization basis. Before Korea I think you appreciated the fact that the climate would be different, that the executive branch of the Government was not conducive to expanding machine-tool productive capacity, air force, or whatever. My question is, what was the nature of the advice given by NSRB at that time, in view of your realization of the climate the President was establishing in the economy?

MR. DICKINSON: In the first place I wasn't there and can't answer. In the second place if I had been there and advised the President, I wouldn't tell you. Advice to the President always is given in confidence.

QUESTION: I have two conflicting impressions from your talk. On one side you say NSRB is charged with preparing all facets of the problem and presenting them; then you turn around and say how much is political display. On one side it sounds like you are giving advice to all things; but to make the best solution on the other side it sounds like you are a political sounding board.

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MR. DICKINSON: I am sorry if I gave that impression. We are advisory; we make recommendations. The decision is an executive function. It must be taken on the basis of the facts as presented. We in NSRB don't talk about political aspects. The confusion arises in my trying to answer a question as to why certain things were not done. In reaching a decision it is up to the executive to determine the manner in which he puts his decision into effect and how much support he can get to make it effective. It is not NSRB's decision. We would not go up and say, "We think it is a good program but we think Congress will not pass it." We say, "We think it is a good operating solution." It is up to the President and his Cabinet to make the decision as to whether it will be submitted as a legislative measure. We can give advice. We don't get into the political aspects of what you can achieve with Congress. That is not our job; it is an executive job.

QUESTION: You have indicated that one of your very important functions, personally, is acting as a member of the advisory group of the NSC. In this problem of your facilitating what is going to take care of all spheres of activity, what do you think of the idea of Mr. Baruch, and as a student of his, of having an additional advisory group in the form of a group of elder statesmen?

MR. DICKINSON: Well, we have set up certain things, somewhat similar to that. We have the National Science Foundation. As I recall, in the "Look" article Mr. Baruch mentioned a number of people who already are serving in their fields on the advisory board of the NSF. Whether the concept of the senior statesmen as an operating group can be put into effect depends again on human relations. You can have all kinds of bodies and membership but you must have mutual respect involved. I think under certain circumstances, working with certain people, it might be an excellent idea. I have no doubt that under other circumstances it might result in mutual frustration. Anyone who has worked in Washington knows the chances are probably in the direction of frustration, no matter who comes here or what you do. We have had in the past advisory groups of businessmen. Some of the advisory groups consisted of the very people named by Mr. Baruch. I can't talk for the individuals but you do find a sustained driving interest in the advisory groups for about six months. But when you get over the dynamic complexities of the problems given to the advisory groups, there is a gradual dropping off of interest. They read the papers as they come in on the train--this goes for the board of directors of a corporation or any similar body in that category--rather than being on the spot volunteering their services and licking the problem. There are no advisory groups on the firing line. I personally think it is more useful to go out to talk to the man and get his judgment in his own environment than it is to take it and put it on the table before five or six other people thinking ad hoc.

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We try to get out to ask the advice of the people we think would have some of the answers. That's the way I would operate it. If Mr. Baruch was running it, he would run it on the elder statesmen idea. The answer depends on the personalities involved. It is a very delicate question for you to ask me. I didn't want to try to avoid it.

COLONEL BARNES: Gentlemen, it is time to close. Before we go I would like to ask Dr. Yoshpe to rise and take a bow. He is an assistant to Mr. Jack Gorrie, Chairman of the Resources Board. He was once on our staff here at the College.

On behalf of all of us, I thank you for this clear and frank discussion. You filled in the gap we needed filled up. You have cleared up many points. Thank you very much.

(10 July 1952--250)S/hmb-ekh

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