

STAFFING WAR AGENCIES

16 March 1956

CONTENTS

	<u>Page</u>
INTRODUCTION--Colonel J. E. Walsh, USA, Chief, Mobilization Branch, ICAF.....	1
SPEAKER--Mr. John W. Macy, Jr., Executive Director, United States Civil Service Commission, Washington, D. C.	1
GENERAL DISCUSSION.....	22

Publication No. L56-114

INDUSTRIAL COLLEGE OF THE ARMED FORCES

Washington, D. C.

Mr. John W. Macy, Jr., was born on 6 April 1917, and was graduated from Wesleyan University with a B.A. degree, and is at present serving as a member of the University Board of Trustees. In 1938, Mr. Macy participated in the administration intern program sponsored by the National Institute of Public Affairs. In June 1938 he was appointed Executive Aide in the Field Operations Division, Office of the Executive Director, Social Security Board, and In November 1940, he became Administrative Assistant in the Civilian Personnel Division, Office of the Secretary of War, and was named Assistant Director in 1942. He returned to this position in 1946, after military service as personnel staff officer of the Air Transport Command, and staff advisor with the Military Advisory Group in China. Between June 1947 and August 1951, Mr. Macy was Assistant to the Manager and Director of Organization and Personnel, Santa Fe Operations Office, Atomic Energy Commission, Los Alamos, New Mexico. In August 1951, he became successively Special Assistant and Deputy to the Under Secretary of the Army (later Assistant Secretary of the Army). He held this position until 1 August 1953 when he was appointed Executive Director, United States Civil Service Commission, in which position he is currently serving.

STAFFING WAR AGENCIES

16 March 1956

COLONEL WALSH: General Hollis, General Calhoun, Gentlemen: This morning we continue our general lecture series. You will recall that a few weeks ago four student OP's were presented concerning the staffing of war agencies and the operation of the Civil Service in preparation for and during mobilization in a future war. "Armo" Armogida talked about the proposed Executive Reserve Program of the Office of Defense Mobilization, and then "Ranny" Wood told us about how fast a turnover we had in a similar program in World War II.

This morning we have asked Mr. John W. Macy of the Civil Service Commission to discuss with us the question of staffing Government war agencies in a future emergency in light of current circumstances in this nuclear age.

I would like to present, without further ado, Mr. Macy, Executive Director of the United States Civil Service Commission.

MR. MACY: Thank you very much, Colonel Walsh. General Hollis, General Calhoun, Gentlemen: It is a distinct privilege for me to come before you and discuss some of the manpower mobilization problems in terms of personnel staffing of war agencies for the future.

I feel that I am especially privileged, in view of two factors: first, that I follow the distinguished speaker that you heard only a few moments ago, and secondly, that I am permitted to appear on this rostrum when I am delinquent in my correspondence course to this institute. This clearly evidences a high degree of tolerance and patience that is manifest in the faculty here.

The solution of the problem of staffing war agencies unfortunately rests partly on guesswork of what an unknown future emergency will be like and partly on experience with past emergencies, which no longer are held valid. This means that we have little in the way of concrete guidance that we can follow.

Recognizing that lack of guidance, I would like to discuss with you some of the problems that we see on the civilian side of this issue of staffing for an emergency, some of the preliminary solutions that

we have to those problems, and then indicate some of the very basic questions that still need to be dealt with by the agencies and individuals who are dealing with these problems.

Today no one can tell what compromises will have to be made with the staffing needs of mobilization agencies. We do not know if a disaster will wipe out a large part of our labor force; if a disaster will wipe out a large part of our industrial capacity for waging war; if the military needs for manpower will double, triple, or quadruple; or if all these things will happen at the same time.

If the next war is fought in terms of the advanced technologies that all of you know better than I, what will be the impact on the agencies that have to guide the civilian aspects of the wartime effort?

We need to consider whether the next war effort will be a partial mobilization before any war, a full mobilization at the advent of war, the operation of some relocation sites for continuity of Government, or whether full mobilization will have to take place after a surprise attack. All of these are among the factors we must weigh in arriving at this staffing equation.

In defining the problem of staffing, I think it can be expressed in fairly standard personnel-management terms. The staffing of war agencies involves getting new people--executives, supervisors, technicians, specialists of a great variety. It means getting them fast. It means eliminating many of the hurdles and restrictions that are ordinarily a problem and a delay for those who are concerned with manning agencies. It means using this new pattern effectively. It means training, job engineering, and techniques for the greatest possible utilization of skills. It means keeping people. I understand that in your earlier discussion of past efforts in staffing emergency agencies you were impressed with the very rapid turnover that took place among those who came into the service to assist in a variety of programs. So an important aspect of the problem is keeping those who are already here or who enter the emergency organization. Finally, it involves paying them proper salaries and providing appropriate benefits in terms of the existing conditions.

Although the Civil Service Commission, which I represent, is frequently described as the central personnel agency, it is recognized as having only a limited portion of responsibility in the total area of manpower mobilization planning. Nevertheless, we recognize

the segment of our responsibility, and we view our problem to be a determination of what kinds of emergencies we should plan for; what existing agencies will need to do; what authority agency management should have in addition to the normal authorities they exercise in the personnel field; what the role, if any, should be of an organization like the Commission in wartime--finally, what should be done about the accumulated employee rights which exist, particularly for those who are in the Federal Service at the present time. That number now stands at 2,300,000, and roughly 50 percent of that number is associated with the Department of Defense.

The problem in terms of manpower needs is: Which existing functions will expand? Obviously, the Defense Department will, but what are going to be the basic criteria for expansion? What additional functions of the military departments will be manned by civilians? What will be the relationship between military and civilian supervision? (I understand that Senator Jackson dealt with this in a somewhat different context a short time ago.) What new functions will be added in existing agencies? Will we place in some of the agencies, such as the Bureau of Mines, new control features which will involve mobilization? What new agencies will be established? Will it mean that there will be a new agency for censorship, both censorship of private communications and of mass communications? Censorship is an extreme word in our society and in our tradition. But, are there plans for it? If so, what are the staffing requirements going to be? What about morale and public information? What about the use of the advertising media with respect to mobilization? I could give a list with which I am sure you are already familiar involving wage and salary control, manpower control, rent control, and all of the variety of activities that are involved in exercising controls over critical segments of the economy. In every instance, there is a staffing problem with respect to the agency administering these controls.

The problem in terms of manpower supply is an immense one. There is a question of building your supply on top of an already full employment situation with more than 60 million people employed. We hope that level of employment is going to continue into the indefinite future. What chance is there for expansion? The resource of World War II of an additional woman supply seems to be limited. In the face of the large percent of women in the employment market at the present time, we already are concerned with serious occupational and professional shortages which tend to restrict our ability to expand certain programs. We have only to point to the current shortage of

scientists and engineers to highlight the highly critical issues we face in labor supply. Even the mundane occupation of typist and stenographer is in short supply today in most parts of the country and, for some reason, even in mobilization we need to multiply the number of typists and stenographers, and we do not have any reserve supply that we can call on to meet even the demands of a peacetime or a cold-war government today. So to the existing shortages additional shortages will be added in the event of mobilization.

Now, those represent some of the problems with which any planner is faced in considering the staffing needs of a mobilization period. I would like to review with you a number of actions that have already been taken to deal with certain portions of this problem and, to a partial extent, relieve some of the need.

You have already had a discussion here on the first action, namely, the creation of a National Defense Executive Reserve. This is a program that received statutory support by an amendment to the Defense Production Act this past year. It has been further supported by the President in an Executive order issued 15 February which describes the National Defense Executive Reserve as "being composed of persons selected from various segments of the civilian economy and from Government to be trained for employment in executive positions in the Federal Government during periods of emergency."

Since there always has to be the subsequent step of implementation, there is now an implementing order from ODM which authorizes agencies to establish units within this reserve, to select members, and to institute training programs. The program as it is constituted under that order provides for a rather high degree of decentralization of the departments and agencies that are involved. As I view the picture at the present time, it would appear that there will be quite a variation from department to department as to how this authority is used.

There has already been some limited experience with this program on an administrative basis in ODM. They have brought in for their several programs a number of executive reservists in the past year or so. Their number now, as I recall it, totals somewhere between 50 and 70. It appears that the program is working well. It involves bringing into the planning units in ODM a number of men from industry to work on certain planning phases of the particular activity, and then having those individuals return to their normal private activities. Then, during periods of alert exercises,

particularly Operation Alert last year, these individuals are brought back to participate in the test program.

So far as other departments are concerned, I am not familiar with all of the details, but I am under the impression that there is only a very limited beginning evident at the present time. Conceivably there will be programs in Commerce and Labor and, obviously, in the Defense Department. I will not discuss the administrative procedure except to say that there will be a central roster of those in the reserve maintained by the Civil Service Commission in order to avoid duplicate contacts and in order to maintain some kind of central information source concerning the reserve program.

Extensive training is intended. It will involve training all reservists and such training will encompass general orientation with respect to Government operations, as an initial step, and then some specialized training relating to the function that the particular individual would perform in the event of an emergency.

There are many problems of an administrative or legal nature relating to the executive reserve that still are not fully solved. The basic problem of conflict of interest is a popular one. There is general belief that the reservists today are exempt from conflict of interest. They appear not to be totally exempt as far as certain congressional interest in the subject is concerned. We feel there will be further action on that front, and I will try to point that out a little later.

As far as a current appraisal of this program is concerned, I feel it is too early to say. I think the mere fact that we find on the statute books recognition of the need for this type of program is of itself important. The program needs to be evaluated rather frequently to determine whether it really is approaching the target, the target of true need in the event of mobilization.

Secondly, in support of this reserve, the Commission is working today with a number of departments in the preparation of a plan for a mobilization career reserve. This particular program is designed to provide some advance preparation for a corps of civilian career employees of the Government who would serve in time of mobilization as the experienced backup for the executive reserve which is coming in from industry or some outside program. They would be designated in much the same fashion as the military reserve is designated in a

mobilization assignment. They would receive training. They would learn the features of their wartime service. Arrangements would be made with their current employer so that they could participate in alert exercises and other programs designed to prepare them for the kind of work they would do in the event of mobilization.

This particular program is still on the drawing boards. We feel that this can serve as another step in the direction of premobilization preparation.

A third feature is that of the rosters of specialized personnel. The National Science Foundation has a unit which is maintaining a register of professional and scientific personnel. This roster is a carryover from the World War II experience. It is hoped that this roster can be more effective than that roster was 15 years ago. It is to be used as an emergency locator for those with engineering and technical skills that are needed in a mobilization situation.

Likewise, as another roster, the Civil Service Commission is in the process of building up a record of key administrative personnel in the career service, a roster that can be used today as a means of promoting mobility of career personnel between agencies and can be likewise employed in the event of mobilization. The objective here again is to make the greatest possible utilization of the skills that are already in the Government in the event of mobilization, and to make sure that those skills move as promptly as possible to the point of greatest need.

The fourth plan is one that was sponsored by the Hoover Commission and is now being seriously considered by the Administration. That is the so-called Senior Civil Service Plan. The Senior Civil Service Plan would involve the identification of about 1,500 to 3,000 top civilian career executives and specialists who would belong to a commissioned group that would be very carefully selected by an outside board, would be drawn from the departments and agencies of the Government, and would be mobile in the sense that they could move from one agency to another with much greater flexibility than is possible today.

The group would hold personal-rank status, rather than to have their grades determined by the content of the job. The plan is frequently described as parallel to the existing military career structure and, although there are a number of features which clearly are not

the same, it does have some similarity. This particular project will be further developed in the coming weeks, and I think public discussion will probably take place this summer.

The fifth item would be the present program for identifying the staffing requirements in agency bedrock functions. This is primarily addressed to the functions of Government that currently exist and that would need to continue to provide the necessary continuity of Government in the event of an emergency.

The present instructions to those agencies are to identify specific employees who would serve as the staffing requirement in administering the bedrock, the absolutely essential, functions at the relocation sites in the case of an emergency.

The responsibility for this program is vested in ODM and, although much progress has apparently been made, I am not sufficiently familiar with all of the information to give you an assessment at this time. But clearly this is another preliminary step that needs to be taken. We need to determine just exactly what the manning requirements for these bedrock functions must be in order to have a continuing operation for those functions that are essential.

The sixth program relates directly to this one, and that is the matter of designating Federal employees in a standby status in the event of disaster. This standby status would be assigned to those employees who are not a part of the bedrock organization, are not subjected to possible military obligation in the event of mobilization, and can be located and assigned to fill in and meet specific emergency needs, particularly in the event of disaster.

An effort has been made, an effort that has been criticized by some who claim to have a more realistic approach, to establish a system whereby such individuals can be registered following an attack. You may be familiar with these small pocket cards that are to be filled out and mailed so that there will be information in the Civil Service Commission showing the location of those who would be available for duty out of this standby group.

Now, to turn more specifically to just what has been done by the Civil Service Commission with respect to mobilization plans for the civilian career group, I brought along with me some surrealistic charts that we have prepared. I might say that the Civil Service

Commission is a very austere and lightly financed organization. If the artwork on these charts is not up to the standards you are accustomed to here, I would be very happy to refer you to our appropriations committee. In fact, when I made the transition from the Pentagon to the Civil Service Commission, I underwent administrative bends, because I found the budget then under consideration at the Commission equated exactly with the Army's budget for the same year to finance the maintenance and operation of bakeries. So I offer these by way of an apology.

Our approach has been, as I have indicated, to try to consider all the various possibilities of emergency, and to recognize that the Government has in the career system of the Federal Government a resource which needs to be fully utilized in an emergency, and also that the system should be designed with sufficient flexibility so that the necessary additional skills can be brought into the civilian component of an emergency organization as quickly and as effectively as possible. We have developed what we have described as the Cafeteria Approach, and we illustrate this in these charts. In other words, we have developed a broad plan which presents on the cafeteria shelves a variety of individual features that can be selected without delay at the time of an emergency, depending upon the degree of the emergency and the degree of necessity for departing from what have generally been viewed as the traditional features of this system.

Chart 1, page 9. --Our feeling is that this cafeteria approach needs to consider any type of conflict or attack, whether it is hot or cold, limited or total, and that we should be prepared with a flexible system of Federal personnel administration that will meet the needs of any one of those conditions.

Chart 2, page 10. --In order to achieve this, we take the rather prosaic position that there needs to be standby legislation, that there should be legislation passed by Congress that would permit the President to delegate to the Civil Service Commission and to the agencies the degree of administrative discretion necessary in order to handle every personnel situation in terms of the demands of the particular emergency; that that broad authority should be available for use at any time; and that the plans under that authority should be placed in a ready reference form with the necessary coding so that, in the event of an emergency, various features of the plan could be put into operation by merely transmitting a code number throughout the Federal service.

CHART 2

BROAD AUTHORITIES IN NATIONAL EMERGENCIES

Congress delegates

broad authority

To President

President delegates

broad authority

to C. S. C. and agency heads

Chart 3, page 12.--This is a specific example. Today the Civil Service appointment system is based on what is called the career-conditional pattern, which calls for a three-year period of conditional service before a career status is authorized. To put it in another way, tenure is not acquired for a period of three years. This means there is a vestibule period of consideration by the employee and management before status is authorized.

The view would be that, depending on the degree of emergency, the degree of expansion, this particular period would be extended, or the door would be closed to career appointments completely, so that there would not be a gigantic increase in career appointments that would present a problem in the return to more normal conditions later.

Chart 4, page 13.--This I think is a particularly appealing chart. Any time I have showed this to any group, they have said, "Why can't you make these changes now and make it possible to hit the door without clearing all the hurdles." I wish we could. Those are congressionally erected hurdles under the appointment system. Presumably standby legislation would permit us to knock those down by executive action and expedite employment.

Chart 5, page 14.--On the recruiting front, there needs to be plans well developed for drawing people into the Federal Service from a variety of outside sources. We need to maintain current information on potential sources of supply. We need to work out the recruiting devices we are going to use in order to contact sources that have not been contacted before, and in order to meet the recruiting needs.

Chart 6, page 15.--Starting at the bottom here, we feel there needs to be plans aimed at reducing the number of voluntary separations. We find that our experience has been that in almost any period of expansion the turnover rises with the degree of expansion. One of the management needs is to find ways and means of reducing those extremely expensive losses.

This may involve some controls which we have not been accustomed to in the past. Likewise, we need to make use of displacements through the contraction of certain activities, particularly peacetime activities which are fed into the mobilization system.

One of the basic questions today revolves around the whole issue of how far we go with respect to manpower controls. Do you have

CHART 3

ADAPTING APPOINTMENT SYSTEM
TO EMERGENCY CONDITIONS

----- (3 YRS.) ----- CAREER
(Career-conditional Period
Normal)

----- (MORE THAN 3 YRS.) ----- CAREER
(Career-conditional Period--Extended)

----- CAREER
(Emergency Indefinite Period (for the duration) (Closed)

CHART 4

REMOVING RESTRICTIONS ON IN-HIRING

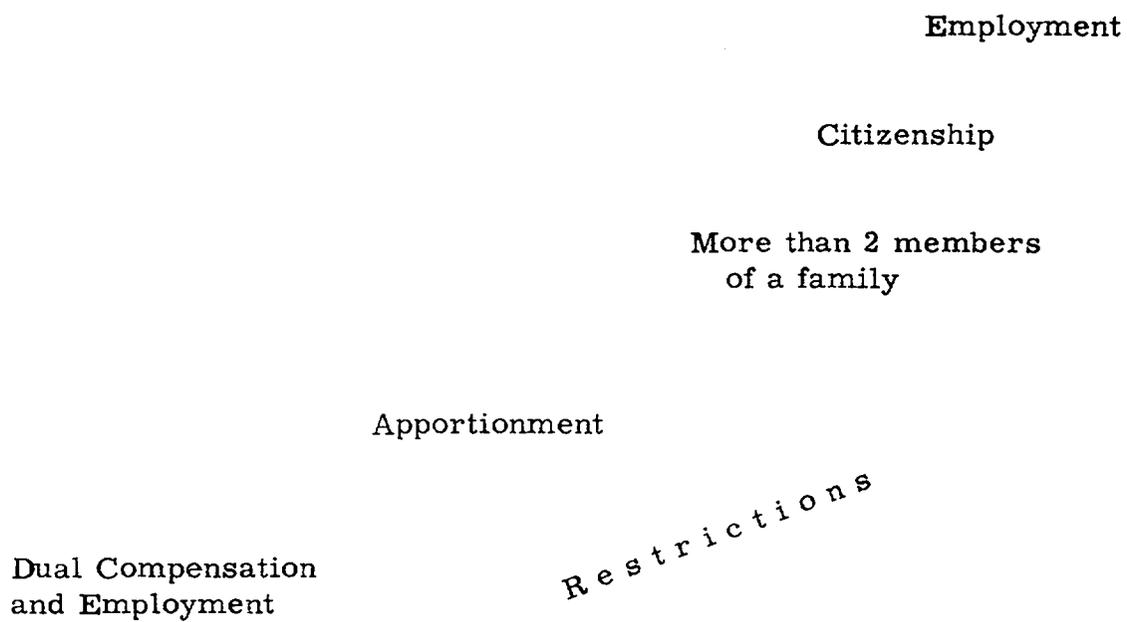


CHART 5

DEVELOPING RECRUITMENT RESOURCES

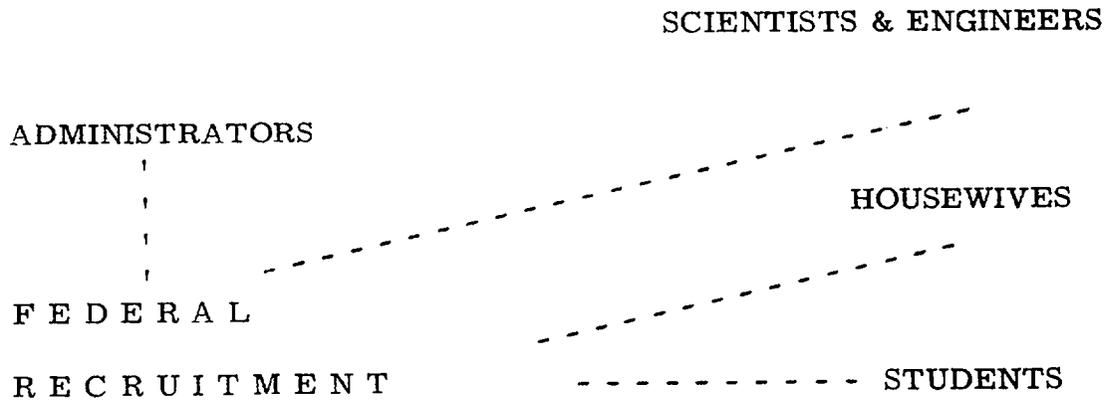


CHART 6

MANPOWER CONTROLS

Stringent controls
imposed by a
central manpower
agency

transfer with
reemployment
rights

Release
system

PREVENT MANPOWER LOSS

Reduce
Voluntary
Separations

Referral of
Employees
Displaced in R. I. F.

stringent controls imposed by a central manpower agency? Do you limit the amount of movement within the labor market? What would be the nature of the controls that would be provided? As you probably know from having discussed the overall manpower planning, the general philosophy has been for many years that we must rely on voluntarism, that registration of all workers is alien to our system, and that we should not go to that extreme in acquiring the necessary manpower for our wartime activities.

You recall that in World War II President Roosevelt and the key members of his wartime organization urged the Congress, through 1944 and early 1945, for standby legislation that would permit registration and possible drafting of civilian workers. It went nowhere. This is an issue that needs to be considered in terms of manpower controls.

Transfer with reemployment rights--is it going to be necessary, in order to bring people into wartime efforts, to give them some assurance of getting their peacetime jobs back after the emergency has subsided? Likewise, what kind of a release system would be required?

Chart 7, page 17.--Another interesting area is compensation, and I think our experience clearly indicates that, although there are certain patriotic and other appeals that can be made, even in wartime we need to be concerned about the pay structure. The feeling is, if we are going to meet the pay demands of an emergency period, we need to have much greater flexibility in the pay systems of the Federal Government. We need to be competitive in many of the labor-shortage areas. We need to have flexibility to provide whatever incentive compensation will provide. We need to relate whatever flexibility we have to the system of wage and salary controls that will be provided for the civilian economy, and the rates and ceilings for additional pay for service outside of the continental limits should be fully considered.

Chart 8, page 18.--Finally, one of the major features of the Federal personnel system is the retirement system. Our thinking would be that there would be certain features of the present retirement system that would be suspended for the duration of the emergency. Certain others would be deferred, and at the same time other features would be permitted in order to maintain a flow of necessary funds into the hands of those who had been retired.

CHART 7

FEDERAL PAY ADMINISTRATION

CIVIL SERVICE COMMISSION

RECOMMENDS:

ADJUSTMENTS IN STATUTORY SALARY SCHEDULES

ADMINISTERS:WAGE AND SALARY STABILIZATION POLICIES (for both
blue and white collar jobs)ADJUSTS:RATES AND CEILINGS OF ADDITIONAL PAY FOR SERVICE
OUTSIDE CONTINENTAL UNITED STATES

CHART 8

RETIREMENTSUSPENDED

- o VALUATION OF CONDITION OF FUND
- o ANNUAL MEDICAL CHECK-UPS
- o MANDATORY AGE AND OPTIONAL RETIREMENT

DEFERRED

- o ADJUDICATION OF CLAIMS FOR DEPOSITS OR REDEP. FOR SERVICE CREDIT
--UNTIL CLAIM FOR ANNUITY IS MADE
- o RECEIPT OF VOL. CONTRIBUTIONS
--UNTIL CLAIM FOR ANNUITY IS MADE

PERMITTED

- o DEFERRED DEPOSITS OR REDEP. TO BE DEDUCTED IN INSTALLMENTS FROM ANNUITY PAYMENTS

(Avoids Reducing the Annuity Rate)

So those are certain of the programs that we have been considering as a part of this mobilization planning for the civilian career service.

I would like to conclude by throwing out, possibly to seek your advice on a solution, a statement of some of the unsolved problems, some of the problems we should continue to work on. I think all of you recognize that there is no one agency, and possibly no one short of the President who is going to be able to arrive at a firm decision relating to those problems. Nevertheless, it is essential that all of them receive thorough consideration as early as possible.

1. One of the problems which is particularly pertinent to the Department of Defense is this problem of contracting out the work of the Government. How far are we going to go in the event of mobilization in turning over to private management and to private labor supply certain functions which normally would be performed by the Federal Government? Without firm plans on that subject, the staffing of defense agencies, or the planning for staffing of defense agencies, is going to be exceptionally difficult. It is a controversial problem even today when there appears to be a trend in many parts of the Government to place more and more activities with private contractors. The entire atomic energy industry has been built up on that philosophy.

There have been varying degrees of contractual service employed in the three military departments. How much and what kinds of work are to be undertaken by the contractors? Will it be restricted to scientific research and development? If so, does it mean that certain key research and development facilities of the Government will be contractor-operated in the event of an emergency? Will certain maintenance and repair functions be a part of the contractors' operation? I am sure that you are fully aware of the extent of this particular problem.

2. The whole question of the conflict of interest statutes has a very decided bearing on how far we are able to go in bringing into the Government, in advance of an emergency, and even in the event of an emergency, the individuals from private industry who, in the final analysis, must be involved in many of the planning and controlling activities affecting various segments of the economy.

This is particularly true in the materials-and-facilities area. If compliance with the conflict of interest statutes cannot be suspended,

how is it going to be possible to live with those statutes? My own recommendation on this point would be perhaps the all too common one of calling together a group of distinguished public citizens to study the entire issue and to present for the consideration of the President and the Congress some way of dealing with this particular problem in a more rational and effective manner. If that is not done, I think that the existing provisions obviously constitute a serious deterrent to bringing competent people into an emergency organization.

3. The third problem is the one I have already cited: How far do we go on management controls? What are the needs going to be? How much voluntarism will we of necessity have to remove in order to meet the problem of staffing? During Operation Alert I know a number of us were impressed with the President's grasp of the necessity for more realistic thinking with respect to the issue of voluntarism versus control. If in fact we are faced with major attacks on large urban areas and industrial centers of production, we may have to forget, at least for a temporary period, our tradition of voluntarism and have some means of control. Maybe that means of control must extend, during the early periods of an emergency, to the full extent of martial law, or control of that type. We think this needs to be thoroughly considered.

4. One issue which may appear to be relatively minor to you, but which I think is an essential public issue, is: What will be the status of our investigation program, our employee security program, in the event of an emergency of any duration? Will we take the time to subject those entering the Government service to a 60- or a 90-day investigation? Is this wise if many of the points of contact in such an investigation may not even be available? What are the answers in this regard? This involves the time factor. It also involves certain serious questions of national policy. This problem we have presented to the ODM. I understand some questions have been directed to the Department of Defense, but as yet we do not have any firm answer.

5. The fifth question which I think is of importance is the relationship between the military-reserve obligations and the civilian-reserve obligations. We found in the course of Operation Alert last year that the most persistent question that was referred to us over the teletype, fighting for a place with the casualty reports, was the question of what agencies were supposed to be releasing military reservists who were part of the bedrock organization for continuity of the Government.

This problem has been brought into very sharp focus by the Air Force decision to obtain a readiness certificate for every reservist who is in the civilian organization of the Government. If this statement of availability is signed, it clearly means that the civilian agency no longer has a right to plan on that individual's presence to meet that agency's emergency conditions.

On this subject we are now working in a joint committee with Defense and ODM to try to establish for the first time some guidance for drawing the line between military-reserve obligation and what in effect amounts to a civilian-reserve obligation. This is a key problem.

6. Probably the most basic problem that we face is: Where would the Federal Government get the needed additional personnel, and particularly the supervisory and technical personnel, necessary to expand to, say, twice its present size? We figure that roughly 20 percent of the 2 million employees today represent key supervisors, administrators, and key professional personnel. That is 400,000. In other words, where do we get, out of these various reserve systems and other systems that we may develop, the necessary numbers to expand the Government to twice its size--if twice its size is to be the requirement?

This problem I think has to be faced by ODM, by Defense, and by all the agencies involved. We cannot leave this to happenstance or to the circumstances of the day when we need this expansion. There needs to be rather firm organization patterns and manning charts to show just what those needs are and then to fit against those needs, as fully as possible, the identified manpower resources to meet the needs. If we don't do that, we will find that many of these essential services will go unmanned in the event of an emergency.

So, in conclusion, let me say that a few small and, I hope, meaningful steps have been taken toward these objectives, but there needs to be a great deal of additional thought directed to the solutions of many of these problems. I am encouraged by the larger number of people each month who are concerned about these issues. As I meet with Federal officials around the country, I find a growing awareness of the necessity for mobilization planning of personnel services in every organization. I think it is particularly important that we view this as more than just a Washington problem. Many of these services, in fact, most of these services, would probably have to be performed outside of Washington.

We are going to have to rely to a greater extent upon a highly decentralized administration of governmental functions. This means that in centers throughout the country this planning must proceed on a carefully coordinated basis.

I am convinced that, although these are large problems, they are not too large for the capacity of the planning resources that exist in the Federal Government and in interested groups throughout the American community.

Thank you very much. This is a rare privilege.

MR. NIKLASON: Mr. Macy is ready for your questions.

QUESTION: One of the things that have not been discussed, that I think is a real problem, is this business of floaters in a time of expansion, and I think most of us have been through this situation, where you lose both your good people and your bad people just by competition within the expanding agencies. Can you discuss that?

MR. MACY: Yes, I think that is a very real problem. There were the so-called get-rich-quick careerists who moved with great facility during the early days of the last emergency. Then there was another group, general characterized as the "revolving alunks" which seemed to move with equal facility, and not necessarily in the best interest of the service.

I would feel that the problem of interagency movement would clearly have to be one of the areas where controls were placed; that there should be a release system which would have some teeth in it; and that promiscuous movement from one organization to another should be definitely eliminated.

If the extent of the emergency is going to be as we anticipate, it will be important that there be planning involved in the movement of those who can make a better contribution in some other part of the service. We feel that we will partially deal with that if we can identify a significant number of mobilization appointments for the civilians who are already in the service. But we need to work on the aspects of control beyond that to avoid the type of situation that you speak of.

QUESTION: Sir, wouldn't it be possible, in setting up these emergency organizations, to simultaneously reduce the workload

of the old-line organizations, and therefore bring in a lot of the people working in them into your emergency jobs, and train them, now?

MR. MACY: Right. In fact, if we can identify these so-called bedrock activities in the civilian agencies, and can make these determinations sufficiently well disciplined, it would mean that we could identify those who would be surplus to these bedrock requirements, and then they should be identified for movement into emergency organizations, in order to staff those organizations and give those employees training just as quickly as possible. The degree of training will, of course, depend upon the nature of the respective responsibilities; but, I think, even in some of the lower-level jobs it would save time if it were possible to give training at an early date.

There needs to be far more appreciation within all agencies of the total Government problem than has generally been the case in the past. The view has been that an agency head and his subordinates are concerned primarily with the perpetuation and continuation of their own operations, rather than looking out for the broader governmental requirement. There needs to be action from the top down to try to overcome some of those attitudes for the future.

QUESTION: Mr. Macy, I was wondering if you would care to comment on Mr. Hoover's most recent comments, particularly with reference to the "deadwood" he referred to, and the system of protecting a great deal of deadwood.

MR. MACY: Mr. Hoover made a number of very interesting remarks. The one that caught my eye more than the one about deadwood was the desirability of much higher rates of pay for senior civil servants. As I recall it, he thought there probably ought to be in the neighborhood of 14,000 people making 15,000 dollars or more. This is a rather rosy picture.

My feeling on the deadwood is that the difficulty to eliminate the career employee who is the nonproducer tends to be somewhat exaggerated, and thereby aggravated. By actual fact, there are separations for cause or terminations each year running to somewhere between 25,000 and 30,000. This is not quite as high as is experienced for this type of action in industry, but, nevertheless, it is considerably above zero.

My own belief would be that we could improve some of the means for equitably separating unsatisfactory employees without jeopardizing the rights of an employee to a fair deal. We are in the process of studying that problem at the present time. So I would feel that perhaps Mr. Hoover was exaggerating for the purpose of color and promotion.

He also made one statement which I don't want to allow to go unchallenged, because I think it is a rather basic one. His claim was that the turnover in the present Government is 25 percent. Just where he gets his figures I don't know, but my intelligence, collected from the agencies, shows that the turnover, including retirements, deaths, and other acts of God, as well as the normal quits, is running presently about 15 percent, and that the quitrate of those who leave voluntarily is running about one percent a month, or about 12 percent a year.

If you were to take away 10 percent from his figure, his alleged savings would be substantially reduced. I don't want to destroy those allegations, but I want to indicate what the facts are as of the present time.

QUESTION: Mr. Macy, you stated that you advocate standby legislation in this field. Wouldn't a comprehensive Executive order covering the same essential matter be a better solution? There seems to be a considerable body of opinion that any attempt in peacetime to get standby legislation would result in a bill so emasculated by partisan issues as to be practically worthless, whereas an Executive order would accomplish what you want without that disadvantage.

MR. MACY: Well, there is a very strong argument along those lines. My view would be that to date we have done an inadequate job of explaining the extent of the potential emergency and the need for emergency action to the Members of Congress, and that the fault has been our own in not adequately bringing them into the picture.

It would be my view that the necessary educational job could be done through the sponsorship of standby legislation which would in its provisions indicate the degree of emergency we prospectively face, and the fact that the Congress may be widely scattered at a time when we need to remove many restrictions that are on the statute books today, and would be inappropriate in the moments of an emergency.

Now, an Executive order, presumably under the President's powers as Commander in Chief, could probably accomplish most of these things that I refer to, but it would be much better if mobilization planning could be a cooperative effort between the two branches of Government, with the Congress equally a party to some of the planning.

That would be one of the indirect benefits that I can see in the development of standby legislation, particularly in this field.

QUESTION: Mr. Macy, I wonder if you would describe some of your executive training, or executive development, programs within the career pattern, and give us any comments as to how they compare with what private industry does.

MR. MACY: I will be very happy to. I feel we are just beginning to do a satisfactory job of executive development within the civilian agencies. The programs for the most part stem from a date not more distant than 1950 or 1951, but there is a growing awareness of the necessity for a program of selection and development of executives that is growing almost geometrically.

I would say that in the course of the next few years, if the present progress continues, practically every agency of any size will have a program of this kind.

Now, the nature of the programs could be, I think, summarized in this fashion. They start, generally, with an inventory of all of the executive resources within an agency. This is followed by an appraisal of each person, to determine his ultimate potential and capability and to block out as far as possible an individual course of development, to assist the individual in gaining the peak of his potential.

Now, the program may mean a number of individual self-improvement features, such as attending courses in local universities to fill in certain gaps of educational background, or it may mean, if the agency has the authority, sending the individual to a special outside course, such as the Harvard Business School, or sending him to some other management training course. Generally, the training has been designed to meet the particular needs of the individual.

On top of this there is in prospect today, and this is a very appropriate place in which to discuss it, the experimental use of an

administrative staff college for some senior career people who are on the threshold of top executive assignments. The feeling has been that there has been an absence of preparation in the civilian career service that parallels the preparation in the military for senior responsibility. This program would bring together a group of selected careerists from a variety of agencies for a program designed to permit them to exchange experience and receive the stimulation of discussions with people who are authorities in various phases of management, to give them the big picture of the Federal Government, and to overcome some of the provincialism that of necessity grows up around a careerist who has spent most of his time in one agency or department.

Those are some of the advancing trends that exist. A great deal needs to be done. This, I think, is one of the most challenging areas of Federal personnel management today.

You mentioned Mr. Hoover a moment ago. In the task force report on personnel and civil service, the statement was made that the nub of the personnel problem in the civilian service of the Government today is in this matter of the selection and development of managers, both career managers and political managers, and that the primary attention and concern in the personnel field should be in this direction. Here again we have taken certain limited preliminary steps. A great deal more needs to be done.

QUESTION: Sir, about a year ago, as I remember, we had requirements for civil servants overseas, but we could get only very few to go because the procedure was not to give them rehiring rights when they came back to the States. I would like to know whether that one question has been solved. It certainly has a bearing on your mobilization. The other is the question of educational requirements versus tenure of office. In other words, many of the job descriptions have a certain grade and might say an individual has to spend five years in Air Force supply, and so on, whereas maybe a graduate of Harvard Business School, with some management know-how, cannot come in and hold that job. Would you comment on that?

MR. MACY: I am very happy to. On your first point, we feel we have very largely eliminated that hurdle on overseas service by extending civil service to 20,000 positions overseas. The biggest effect of that step is that, with that extension, it should be possible for the three services to all develop a career pattern including a tour

of duty overseas, with some assurance that there will be an equal or a better assignment available upon return to the United States. In fact, it seems to me it should be possible to build into the system almost a requirement that, to go to a certain level within the civilian career service, there should be some period of service overseas.

On your other point, it has been a source of some concern to many of us who feel that, if we are going to build a satisfactory career system, we need to bring into the service today a basic intake of those who have had really adequate education preparation. Many of our standards, as you have indicated have tended in the past to require a period of experience in a particular line of work, which can only be acquired in that line of work. This has resulted in those with limited potential moving up within a supply organization or a maintenance organization.

We are in the process at the present time of greatly broadening those standards, making them more flexible. A new Federal service entrance examination has been inaugurated in the past year as an appeal to college graduates to come into the Government. This program has been promoted on the grounds that we are attempting to bring into the Federal service those who graduate from college in a great variety of occupations, many occupations that in the past could be entered only by those who had specific experience in that line of work. We feel that, if we could get bright college youngsters into many of those jobs, they would quickly, through training, learn all the necessary, substantive, information they need. Once they have acquired it, they have the prospect of many years of advancement through the organization, which we cannot obtain through those who have tended to come up through the lower levels of a particular occupation.

QUESTION: Sir, many times I have had to make out efficiency reports on civil service employees, and pretty often I have had to put them in the middle. I could not rate them as satisfactory; and, if you say anyone is unsatisfactory, you are investigated yourself. Would you comment on that?

MR. MACY: I would say that one of the least satisfactory facets of the existing personnel system relates to this matter of the problem of evaluation. It is like Mark Twain's "weather." It is something we all complain about, and are never able to do anything about.

The history of the employee rating system in the Government shows that we have struggled since about 1892 to build a system that makes sense and at the same time is equitable to the employees. Our experience has been that we change the system about every five years because the existing system has proved so impossible.

I would say that, by and large, the view today is that it is better to get away from any specific formalized system and to provide in a general statement of policy from Congress that there shall be a periodic review of the individual's ability to do the particular work assigned, and that that review should not result in some arbitrary adjective, but instead should be expressed in narrative form which praises the individual's abilities and indicates where improvements are desirable, and also signifies to some extent what the individual's potentials are.

This would get us away from the pressure to assign a particular rating or otherwise be faced with the problem of appeal. It would put much greater responsibility on supervision, which in the long run would be much more satisfactory. It would also permit a variation in the system depending on the type of worker you were dealing with.

It is really ridiculous to have a system that handles the rating of nuclear physicists in the same fashion as that of messengers. If we had this added flexibility, management could work out with the employees concerned a satisfactory system that would be appropriate for the particular profession or occupation.

This would be my view. I don't know how broadly it is shared. You recall that the Hoover Commission report recommended a change somewhat along these lines. This is another area currently under study where there should be some progress within the next year.

MR. NIKLASON: Thank you, Mr. Macy, for an outstanding contribution to our thinking in an exceptionally important area of mobilization planning.

MR. MACY: Thank you.

(14 May 1956--250)O/feb