

DISCUSSION ON ALLOCATION OF FACILITIES.

Lecture by Maj. R.R. Nix. April 14, 1926. 11: A.M.

In your allocation of plants what elements do you consider, simply the facilities? Do you consider also labor?

The Office of the Assistant Secretary of War does not consider labor, power or transportation in approving allocations. These matters are considered locally by the District Chiefs in requests for allocations and especially in surveys. Unit plans of the districts show requirements in these factors. No difficulty is anticipated except where new facilities are involved.

What is the scheme with Steel Industry? Is that done wholly through the Steel Commodity Committee?

The Commodity Committee is the one contact with the Steel Industry at present.

Where a facility producing a finished product is allocated and that facility, or its branches, has subcontracts for steel are all the subcontractors allocated?

No. Subcontractors at present are not allocated but after the recommendations of the Steel Committee has been received, it may be found advisable to allocate subcontractors as well. Transportation is a large governing factor.

How far does the Steel Commodity Committee go into the subject of iron ore?

They know the ore is adequate for pig iron and steel production. 80% of it is made into pig iron in Ohio and Pennsylvania and passes through the Soo Locks. The other large center is at Birmingham, Ala. The iron ore program is not a difficult one.

How about manganese?

With respect to that, there is an active Commodity Committee.

(Col. McCain) There is a Special Commodity Committee on manganese.

How are allocations made in connection with manganese?
(Col. McCain)

They are being studied by the Commodity Committee and upon its recommendation would be made by the Allocation Section.

(Maj. Nix)

Take for instance the Specific Procurement Plan for Breeches. It has been referred to the Committee on Wool for any recommendation for revisions which may be found advisable on breeches allocations with respect to sources raw material -- wool, and the manufacture of melton cloth.

Do you allocate facilities to the Branches of raw materials in steel?

Capacities of facilities may be allocated up to a certain amount in a particular classification of steel, say, 2000 tons wire and wire products in one year but when they exceed that amount an increase in the allocation of or reallocation of other plants may be considered. We contemplate allocating facilities on raw materials within a certain capacity.

How was the United States divided into the fourteen Procurement Districts?

I understand that an Ordnance Office (Gen. Tripp) worked it up, with other outstanding industrialists. They determined the district dividing lines from their knowledge of the industrial capacity of districts. For instance, in the case of steel, a logical division is between the Pittsburg and Philadelphia centers in Pennsylvania. For Massachusetts, the eastern part at Boston is a large leather and textile center, whereas, the western part is a large brass center. So, also, the northern part of New York around Buffalo is a great power center with industries requiring cheap electricity, further south is a textile center, whereas, still further south, around New York City, there are

many diversified industries in clothing, chemicals and shoes. A similar division was used by the War Industries Board with a larger number of subdivisions. Regional Advisors were established in 20 Districts by the Resource and Conversion Section and later by the Priorities Board.

Having assumed that the United States is divided into fourteen districts from statistical information, then what supervision does the Assistant Secretary of War have over the Branches in allocating their requirements to the Districts?

Apportionments are made by Branch Chiefs. The Assistant Secretary of War checks these up by means of the Allocation Section for Facilities and by means of Specific Procurement Plans submitted by Branch Chiefs and by way of studies of Commodity Committees.

Does the apportionment that exists in the Branches cover the fourteen districts?

Yes, they are determined by analysis, by peace time contracts and by World War experience. Sometimes they will survey a great many more facilities than needed, or those that prove unsuitable, these will have to be cancelled and others substituted. A good example is the 75 m/m shell program which has been shown on the chart presented at this conference.

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What is the attitude with regard to getting improvised articles or substitutes from some of our neighbors?

(Col. McCain)

Referred to Tungsten where molybdenum is being studied for a substitute.

(Maj. Nix) *Army*

~~Shoes~~ Shoes cannot be made ^{in the first 3 mos} to fill the requirements.

But the Quartermaster Corps is doing what it can to get substitutes or improvised shoes for the first three months. We are in no difficulty with respect to manufactured articles. Our manufacturing capacity is adequate in the long run but we may not have enough strategic materials. The subject of strategic materials is assigned to Commodity Committees.

(Maj. Rutherford)

Do you figure on getting any of these from abroad? I know of the case of Range Finders. We could get them from Germany.

(Col. McCain)

No Commodity Committee has been organized on this. We have Commodity Committees on Hides and Leather. These Committees have gone into the subject of leather in all its phases. One reason why we haven't figured on getting finished articles from Abroad, is that we do not know who will be our enemy. Besides, the limiting feature will not be manufacturing capacity as a rule but an inadequate supply of a strategic

material, such as, you mention, optical glass. When this Committee is organized it will consider all foreign sources.

(Maj. Rutherford)

Some ought to be taken advantage of.

(Col. McCain)

Yes, I do know of one instance. The Quartermaster General's program for coffee and substitutes is not limited to the continental limits. They will get coffee from Mexico and Brazil.

How are the requirements approached geographically? For instance, the Main Office located in the east and a branch or factory in San Francisco?

Yes, we allocate by Main Office. The Branch that has an allocation of a Main Office will then apportion the facilities geographically with respect to requirements. The individual District Chief cannot ordinarily secure allocation of a facility which is outside of his district. But the Chief of his Branch can arrange that to the best advantage because the allocation of Main Office includes all subsidiaries over the United States. There are particular instances where a Main Office in New York is allocated to one Branch, say the Quartermaster General, and the Medical Department desires a subsidiary in California. The Chiefs or representatives that have such a case may solve the problem themselves by having the Quartermaster present the Medical requirements, or if they could not settle it, it would have

to be presented to the Assistant Secretary of War and a joint allocation might be arranged, or on the approval of the Main Office the California Branch would be allocated to the Medical Department whereas the Quartermaster General would retain the Main Office and all other subsidiaries.

Can a particular District Chief allocate his contract for finished products and contract for raw material and parts?

The District Chief cannot allocate.

Arrangements are being effected by one District Chief to have another District Chief supply him raw materials or component parts. For example, Bartlett Hayward may buy his raw material from the Pittsburgh district. The Baltimore Chief arranges this with the Pittsburgh Chief.