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PLANNING BRANCH  
OFFICE OF THE ASSISTANT SECRETARY OF WAR  
Address of Lt. Col. James D. Fife,  
before the Army Industrial College  
October 18, 1928.

Before attempting to outline the duties and plans of the Assistant Secretary of War, and the organization of his office, I believe it will be of interest to note the similarity of conditions that brought about the organization and origin of the General Staff. Although the two occupy entirely different fields of activity, yet the reason for the existence of each lies in the increasing complexity of warfare and the necessity for staff control of those duties and functions that are no longer possible of performance by a single commander.

The creation of our General Staff followed the Spanish American War, and was one of the results of reorganization that come after all wars. It was said at the time that our military organization was weak at the top. There were various departments of administration organized each within itself, and well enough organized for the performance of its specific duties; the heads of these departments were men of capacity and fidelity. There was lack of directing and coordinating control to see that these different branches pulled together so that the work of each would fit in with the work of every other one. As each was a more or less independent bureau it put the burden on the Secretary of War of passing on questions where more than one was affected. That is to coordinate their efforts, and as warfare had become more complicated that

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was more than one man could do.

The law bringing the General Staff into being was passed February 14, 1903. The General Staff was created (a) to prepare plans for the national defense, and for the mobilization of the military forces in time of war; (b) to investigate and report upon all questions affecting the efficiency of the Army and its state of preparation for military operations; (c) to render professional aid and assistance to the Secretary of War and to general officers and other superior commanders, and to act as their agents in informing and coordinating the action of all the different officers who are subject, under the terms of the act, to the supervision of the Chief of Staff.

The Chief of Staff was charged with the supervision of all troops of the line and of all the Staff Departments and Staff Corps.

The National Defense Act of 1916 broadened the powers of the General Staff considerably, but forbade its members from engaging in work of an administrative nature that pertained to the established bureaus of the War Department, or that would involve impairment of responsibility or initiative of such bureaus. The matter of coordinating their supply functions was not particularly in evidence before the World War.

During the World War the Overman Act gave the President broad powers in redistributing the functions of all Executive Departments and Bureaus. This was restricted to the period of the War and 6 months thereafter. The activities of the General Staff were broadened. It assumed

direct control over Purchase, Storage and Traffic and established a Division for that purpose.

On March 4, 1918, a year after we entered the War, the War Industries Board, which had been organized under the Council of National Defense, was given broader powers by the President and it became necessary to organize the branches of the Army so that only one agency could appear and present consolidated requirements of the War Department to that Board, and the Purchase, Storage and Traffic Division of the General Staff became that agency. The Chief of Staff had been given direct supervision over the Supply Branches to coordinate the requirements for supplies. So the Purchase, Storage and Traffic Division of the General Staff was formed and placed under a Director who was also an assistant to the Chief of Staff.

The World War gave ample proof of the need for coordination of the Supply function of the different branches of the Army, and when it came to reorganizing the army after that war the question before Congress was to determine what sort of an organization would be required. The desirability of separating the supply activities of the army from its strictly military activities, and placing each under a separate head, was first advanced by the then Assistant Secretary of War (Hon. Benedict Crowell) before the Senate Committee on Military Affairs and it was through his efforts that the attention of Congress was directed toward the importance of appointing a separate head equal in importance to the Chief of Staff for the purpose of coordinating the Supply function of the Branches of the Army.

To quote Mr. Crowell before the Senate Committee. \* \* \* \*

"The Under Secretary of War would have grouped under him all problems of purchase and procurement; of storage and transportation. To the corps and bureaus of the War Department, as they now exist, would fall the duty and function of the problems for which they were severally created.

"However, in order that bureau competition should be eliminated in the matter of purchase, storage, etc., the Under Secretary should be vested by law with authority to standardize procurement and distribute and re-distribute the function of purchase as applied to specific articles, especially where they are common to the operation of two or more bureaus, as best experience would dictate. With this strong supervisory power in the Under Secretary, I believe, will be found the solution of the much criticized condition of purchases in the War Department prior to the operation of the Overman Act."

You are all familiar with Section 3a of the National Defense Act as it was passed in 1920. I would advise that you study this Section carefully and that in order to grasp the full intent of Congress that you read the hearings before both the Senate and House Military Affairs Committees.

The Act charges the Assistant Secretary of War, among other things, with \* \* \* "the Supervision of the procurement of all military supplies and other business of the War Department pertaining thereto

and the assurance of adequate provision for the mobilization of matériel and industrial organizations essential to war time needs" \* \* \* \* \* .

Unfortunately Congress left some doubt in the minds of those who are called upon to interpret the Act as amended in 1920, because in describing the duties and responsibilities of the General Staff, par. 5, we find that it is charged with the mobilization of the man power of the nation "and its material resources." Whether this word "material" is to be used as a noun or an adjective and why Congress placed it there is very obscure, but any way that it is used it cannot infringe upon the duties of the Assistant Secretary of War, which are clearly described in par. 5a.

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In order to make clear the division of jurisdiction between the General Staff and the Assistant Secretary of War, a board was convened August, 1921, known as the Harbord Board. You will find the proceedings in the records of the Planning Branch. As to whether you agree with the findings of this board or not is for you to decide, after careful study of all the facts.

I do not believe that the matter could have been settled at that time, the new Act had not been given enough study. It will require considerable more time and experience before the jurisdiction of the Assistant Secretary of War can be established, as intended by Congress

September 26, 1921 the Assistant Secretary received a memorandum from the Deputy Chief of Staff which, in part, reads as follows.

"The Secretary of War has decided that the responsibility for the mobilization of \* \* \* \* \* the material resources" devolves upon the Assistant Secretary of War, under the provisions of the National Defense Act, as amended June 4, 1920."

The Act provides that officers and civilian employees should be detailed from the branches engaged in procurement, under regulations approved by the Secretary of War.

In June, 1921 four officers were detailed to this new office. The records of the War Industries Board and of the Council of National Defense were taken over and the study of the World War begun.

Possibly a good many more officers could have been assigned to this work, but the branches were still struggling with the aftermath of the World War and were loathe to take up the preparation of plans for a new one. Then, as the undertaking was a new one, it was deemed necessary to go very slowly, and, in fact, it has been a very slowly moving undertaking throughout. The only directive these officers had was Par. 5a of the Act of 1920, and, other than stating the responsibilities of the Assistant Secretary, the Act did not give them the faintest glimmer of what it was all about.

At the outset a letter was sent to each chief of Branch requesting him to outline in detail his conception of the duties and functions of the Assistant Secretary.

The replies to these were very illuminating and constructive.

The word procurement was defined. An office organization was suggested by them, and the chain of responsibility for the Assistant Secretary of War and for the chiefs of Supply branches was outlined.

The recommendations of the Chief of Ordnance and the Chief of Engineers were very nearly alike, were more in detail than the rest, and have been pretty nearly followed.

The act requires that the chiefs of the Supply Branches shall report to the Assistant Secretary of War in all matters of procurement.

Early in the game it was apparent that the Supply branches would have to make their own plans for procurement of classes of material assigned to each, and that the Assistant Secretary would coordinate these, but it was also seen that he would have to make plans for those functions that were common to all of the branches such as for power, labor, transportation, raw materials, price control, etc.

Each branch has a well defined responsibility under the law and it was necessary for the Assistant Secretary to provide a plan under which each could operate with the minimum amount of interference from another.

Par. 9 of the Act provides that the Quartermaster Corps shall procure all supplies of a general nature which are common to the other branches, and that the special or technical articles shall be procured by the branches responsible for their use and issue to troops.

Under this paragraph the Assistant Secretary approved the lists of articles which each was to procure and this marks the starting point

of the exercise of his coordinating function.

One of the most important steps taken by the Assistant Secretary early, was the allocation of industrial plants to the different supply branches. It was intended that the branches build up permanent relations with the plants allocated to them, so that for the next war or for any future war Schedules of Production could be placed without interference.

The office chart shown to you here represents the war time Organization as we see it now. In preparation it has gone through many evolutions and doubtless is to have some changes, yet to be made, as we progress in our planning.

Our unit plans call for the assignment of regular officers and reserve officers. During the first phase, the few regular officers will be gradually augmented by reserves up to a total of about 170. Probably most of the regulars will be supplanted by the reserves.

Reserve officers now come into the Office of the Assistant Secretary in groups of 12 for a two weeks' period of training, at stated periods throughout the year.

The Planning Branch consists of a certain number of officers set aside to study industrial war plans. They are given no current administrative duties, so as to allow them to devote all of their time to the problems of war time importance. There are 14 in that branch now.

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Officers in the Planning Branch are assigned to each of the functions you see there on the Chart, and the name indicates the nature of the assignment. There are more sections than there are officers to fill them. Each has a very definite status and handles all subjects that fall within his assignment. Doubtless you will have occasion to consult with them frequently in the course of your studies.

The country has been divided into 14 industrial or procurement districts. The division was made upon the grounds of industrial groupings and not by grouping the states as you will notice. Some of the states are divided, notably New Jersey and Pennsylvania.

The principal city in each has been named as the headquarters for the district chiefs of the branches. It was intended that these district chiefs be located close to each other, in the same building if possible, but so far restricted finances has only made it possible to locate them in the same city.

The branch representatives and district chiefs in those districts report directly to their supply chiefs here in Washington and not to the Assistant Secretary of War. There is no representative of the Assistant Secretary there now, but I believe that it will be necessary to establish a group in each district in war time, directly under the Assistant Secretary, who will have certain advisory duties in connection with finance, power, labor, transportation, new facilities, and raw materials, but will not be allowed to interfere with the branch representatives in

the execution of their proper duties.

It would be highly undesirable to set up an organization analogous to the Corps Area Command, but in order to avoid duplication and for the purpose of mutual assistance, and for the purpose of cooperation with such emergency agencies as will be set up in the districts in War time, it is of immense importance that close relations be formed between the district chiefs of the different branches.

The closer they work together the less coordinating required by the Assistant Secretary.

In the World War everything was centralized here in Washington. The plan is now to decentralize, first to the branches and then to the districts, and we can not decentralize a part of the load without decentralizing all of it or else we will have the same sort of troubles we had in the World War; namely, too many boards without any responsibility, and located too far from the seat of action to know what it is all about.

Our industrial mobilization plans are based upon the general mobilization plan of 1924 and not upon any color plans, and we have at last stabilized on this plan for the next few years at least. A maximum effort plan ought to provide for any war that may come and although the 1924 plan may have some objectionable features, particularly as to too rapid mobilization in the early weeks, yet we know that no plan that we make will be carried out just as we make it. The variations will be in amounts and rates rather than in kind.

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After a while we will be able to tell the General Staff at just what rate they can mobilize and supply the man power, and then if they want to increase the man power rate of mobilization they can do so, but it will be with full knowledge of supply limitations. The rates for production can be increased by planning, and the time factors for production reduced, but there is a maximum for these production possibilities beyond which no amount of planning will help.

If the men are mobilized faster than the supplies can be produced the answer of course is, "provide a war reserve to tide you over." The deficits in our war reserve, as authorized, amount to several hundred million dollars. Will Congress provide it? Now here is a question for you to consider. If 3 million men are mobilized in 6 months and there are insufficient supplies either by production or in war reserve, who is the country going to hold responsible for failure, the man that raised the army or the man that failed to get the supplies? The answer will probably be, that the man who failed to get the supplies. It has always been decided that way. Then here is another one. If this man is responsible for the failure of supply in war, which one ought to be responsible now in peace time for maintaining an adequate war reserve, he or the man that raises the Army?

Par. 5a, National Defense Act, charges the Assistant Secretary of War with the assurance of adequate and timely provisions for the mobilization of the matériel and industrial organizations essential to war time needs.

And A.R.5-5, states that the Assistant Secretary of War will represent the War Department in dealing with any interdepartmental or superdepartmental agency that may be created in connection with the allocation of material or industrial facilities.

With proper planning we ought to be able to avoid a great deal of the confusion and difficulties caused in the industries of the country during the World War. The Army was the worst offender in bringing about this upset, because it had no prewar plans, and above all other factors did not know its requirements. Of course the war load will be superimposed upon the normal industrial load, but if we can plan to straighten out the Army load it ought not to be necessary to mobilize all of the industries of the country, we ought not to interfere with them if they are not needed for the Army and the Navy.

Army requirements are better known and, generally speaking, they amount to less than they did in the World War.

The industrial capacity of the country is much greater than is required, even to include our present exportable surplus of about five billion dollars, and this surplus capacity ought to take up the war load if planned for properly.

So far we have confined ourselves to the plans for mobilizing the Army requirements, rather than attempting to plan to build up super organizations to mobilize the whole country.

If war should continue over a protracted period, it probably would

be necessary to establish a War Industries Board.

This should be concerned with attending to civilian needs, price control, curtailment of non essentials, conservation, capital issues.

A.R. 5-5 states that "The Assistant Secretary of War will represent the War Department in cooperating with the Navy Department concerning allotment of industrial facilities and material to meet the requirements of the joint war program."

The Army and Navy Munitions Board was organized for this purpose.

There is much that this board can do which will be helpful, which will eliminate conflict and competition. The resources of the country are sufficient to meet the needs of both the Army and Navy.

But in placing the needs of both on the industries of the country, we must take into consideration the time factors of production as geared with the time factors of requirements. There is no use in producing the gun sights if the guns are not going to be ready to put them on.

There are some critical industries that will require a nice adjustment in order to carry the Army and the Navy load.

PRICE CONTROL

Every one who had any thing to do with price fixing during the World War has been declared by the courts to be in error, i.e., that the matter of price fixing is a judiciary matter in that the constitutional rights of the individual owner of private property is at stake. That is the matter of determination of what is "just compensation" shall be left

to the courts. The Army can commandeer private property for national defense, but the courts will determine what the just compensation will be 10 years after the war.

Boosting of prices was one of the evils of the World War that ought to be prevented in another war. Most of it was caused by competition among the branches, some true enough by actual shortages. We ought to eliminate as much as possible this competition. We can help this first by assigning certain items to each branch to procure, and then allocating the different plants to the different branches.

Each branch can fix the price that the Army will pay for the finished articles that it has been assigned. But there were about 200 raw materials, or components, that were so critical in the World War as to require special treatment by the War Industries Board. The Commodity Committees can recommend the prices that the Army will pay for these. In fact that is one of the important functions of the Commodity Committees.

The Army cannot set the prices at which the commodity will be bought and sold in the markets, but it can do much to keep these down by correcting its own mistakes of the World War.

Priorities. I just mention this here because it was of such importance during the World War. The nearer to completion our industrial plans are when we go to war, the less necessary it will be to have priority decisions, because planning eliminates them.

We aim to create a preference list containing those industries

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which are critical and which will need special consideration in matters of labor, raw material, and transportation.

It will also be necessary to group our material into different categories, based on their order of importance, so that orders can be given a certain preference rating.

But much will depend on the military situation at the time, as industrial priorities are based on priority of use, that is on military decisions. The subject of priorities requires much study, so as to be able to apply the principle when the time comes.

#### TRANSPORTATION

The World War taught the railroads a valuable lesson, i.e., that increased efficiency depended on combining resources of the different railroads, and upon the prompt return of unloaded cars. With increased efficiency the railroads now are carrying loads an excess of their peak loads in the World War, with the same resources in rolling stock and facilities.

The trend is toward greater combinations. It is very much doubted if their efficiency could be increased by combining them as one system, as was done in the War.

There would be no object in taking them over by the government and operating them as one system if their efficiency could not be increased by so doing.

The transportation Act of 1920 allows this to be done if necessary.

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POWER

A power plan is in the making.

A power survey is being made by the Chief of Engineers.

As the power nets over the country increase and become better connected, it will become much easier to regulate its flow from overloaded areas to areas that haven't enough.

In the World War there was a power crisis in the Buffalo District, this is sure to happen again, unless great care is exercised against overloading the industries in that area.

Our plans call for an Emergency Power Director with an Executive Committee, and a field force in the several power zones into which the country has been divided.

It will be well to have a field representative located at each procurement district headquarters for the purpose of assisting the district chiefs.

Labor. No plans have been devised for the control of labor in War, or for its most economical use. We have not yet begun to estimate the increased requirements of labor for war industries.

The time will come when we will have to know just what skilled and unskilled labor should be exempted from the draft.

We will finally have to know the requirements in the different categories of labor for entirely new plants, and for plants having increased load due to the war. Women available and their substitution for men.

But all of our planning in other directions tends to lessen the labor problem.

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Existing plants should be converted to the production of non commercial articles and new construction should be reduced to the minimum.

There will be need for an industrial adviser in our procurement districts who will be in touch with the U. S. Employment Service, and with the Draft Boards who will be able to advise the District Chiefs in all matters of labor supply. The increased demand for labor for war industries ought to be supplied from less essential industries that have not been converted to war use, and who are going to be thrown out of employment on account of the war.

This had best be done in the districts where local conditions are better understood than they are in Washington.

Raw Material. Considerable study is being given this subject. In fact the study of strategic raw materials was begun by the General Staff prior to the organization of the Office of the Assistant Secretary

Some of our first records pertaining to tin, antimony, etc., were transferred from the General Staff in 1921.

Some of the raw materials have been classified as critical and some as strategic.

It is planned to create in war time a board to be known as the War Trade Board, whose duty it will be to regulate imports and exports of these materials and to assist in guiding their flow into the proper channels.

Facilities. As outlined above, the allocation of facilities is a very important function of the Assistant Secretary of War.

The survey of facilities by the branches is progressing satisfactorily.

Every effort will be made to convert existing plants from peace to war production and to keep new construction at a minimum, but new construction cannot be prevented entirely. There will be powder plants and loading plants, extensions to existing plants, store houses, etc., all to be built after war begins.

The preference list to be established by the Assistant Secretary will carry those facilities having army contracts arranged into categories, based upon their importance as affects the military program. The preference lists are intended for the use of such agencies as the Transportation Director, Power Director, War Trade Board, and U. S. Employment Service.

Finance. The Branches have prepared their cost estimates, based on the 1924 mobilization plan, to include funds for the first year of war. Not including pay of the Army, this amounts to about  $9\frac{1}{2}$  billion dollars, with a contractual authority for  $1\frac{1}{3}$  billion in addition. Congressional enactment is required to appropriate the money and to remove restrictions on granting contractual authority.

Of course wars are not carried out as planned and it will be necessary to re-estimate our financial requirements as the situation develops more plainly. But, we must have a starting point and we must have minimum figures prepared in detail to present to Congress so that orders can be placed at once.

### SPECIFIC PROCUREMENT PLANS.

The Assistant Secretary of War is charged with seeing that adequate provision is made for the mobilization of matériel and industrial organizations essential to war time needs. But most of the actual planning and execution falls on the seven procuring branches. Each has a definite mission, a definite field of authority and the resources at his command to cover his responsibilities.

The ideal situation would be to have each branch prepare a specific procurement plan for each item on its supply list. Such plans to show in detail all of the factors involved. I will enumerate the steps.

1. Specifications. Prepared sufficiently in detail to give the manufacturer the required information.
2. Drawings. For complicated materials or cuts or designs of the standard commercial items
3. An estimation of the quantities required by months to carry out the mobilization plans of the General Staff.
4. The proportionment of those quantities to the War Department Procurement Districts.
5. The allotment made to each plant by name in each district.
6. A factory plan for each plant, so that the manufacturer could begin production promptly.
7. His manufacturing gages to be supplied by the government, having been accumulated in peace time.
8. A plan for inspection and acceptance.

9. An estimate of the unit cost.
10. An estimate of the requirements in power, labor, transportation, critical raw material, and new construction.
11. An estimate of the time required for production and assembly, and the time required from production to delivery to the using troops.

It would be useful if all data concerning requirements, expected delivery, and reserve stocks could be worked up on a separate chart for each item.

To furnish specific procurement plans for all items would, of course, be impossible and so far it has only been attempted for the essential items or those so critical as to require a war reserve. A form or outline for these has been standardized which may not be perfect, but which will give us the minimum data required.

Specific procurement plans are the sum total of the plans for each plant that is going to produce each item.

There will not be a factory plan in each case. Commercial items do not require factory plans, except where it is so critical that plants have to be converted to its production. But it is necessary for the branch representative to see that the plant facilities are adequate for the production in question, and that the plant is capable of producing the schedule that it accepts.

The plans for procurement of the finished article do not go far enough to give us complete data on what are known as secondary requirements,

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component parts, or to show the requirements in raw material that for one reason or another may become critical, and these are the things that caused some of the worst trouble in the World War. Studies of World War records show us that there were about 150 or 200 of these materials that, for one reason or another, slowed up the procurement of the finished material. Heavy acids, alcohol, dyes, cranes, chains, motors, scientific glass, cordage and brass, are examples. We don't know if these same ones would become critical if war were to take place in the near future, but we are making studies of these so as to see what the status is now and what is indicated for the future. Some we know to be critical and these are being given special attention - such as machine tools, optical glass, steel and iron, wire and cable. As soon as others are identified, they will be assigned to Commodity Committees for the purpose of ascertaining the military requirements and the productive capacity of the country and eventually to work out a plan for the proper distribution or use.

This matter of secondary requirements is brought up to show that so far our plans have gone little further than into those industries that will have direct contracts for the finished material. They do not represent in any way the entire load on industry that will be involved, of which, as yet, we have but scant knowledge.

These problems, of course, cannot be attacked until they are presented.

Some of the problems we encounter are very difficult of solution. Col. Ferguson, the first Director of Procurement, kept a book for the purpose

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of keeping us confronted with known problems and although the solution might be a long time in the future, or even not until the beginning of hostilities, the idea was that as soon as we stumbled on a new problem to chalk it up on the boards so that every one would have it in mind as the plans progress.

Your attention is called to a few of them.

1. How are we going to prevent overloading our industrial districts, as in the case of the Philadelphia District in the World War?

In order to do this, we will have to know the sum total of increases caused by the war in each of the factors, power, labor, and transportation. Will it be possible to get this from the branch plans? How far ought we to go in requiring this data? What will be the basic units for each?

2. We are in search of a method of recording progress in procurement, in order to allow the Chief of Branch or the Assistant Secretary of War to apply timely corrective measures in case of failure of some factor.

Such a scheme ought to show the status, at any given time, of all the different factors involved in the production of each item.

The Assistant Secretary of War is just as responsible for production as he is for failure.

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It is hoped that we will be able to devise a progress chart that will show how we stand on each important item at any time.

3. Under present methods it takes from 6 months to a year to figure the requirements for a general mobilization plan, there have been several of these plans and changes are still going on. Each change involves considerable time and expense to the branches. One thing that we know, is that the kind of war we are figuring on wont actually happen and all of our requirements will have to be recalculated after H day and from then on the recomputations will be frequent.

There ought to be a simplified system devised. One by which requirements can be more rapidly computed, than any system we now have.

As tables of organization are very likely to undergo changes, possibly we had best base our requirements upon thousands of men instead of on units.

4. What regulation should be given to the placing of initial war orders? What period should it cover? It takes two months to get shoes, but 12 to 15 months to get the ammunition. Would we place initial orders for all the shoes to cover 12 to 15 months, the time for procuring the ammunition? We need a formula for this purpose to cover each item. We can't let our orders go too far ahead, it complicates the raw material situation. Over

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production is as bad as shortage. It may be the means of causing a shortage in more important material by absorbing labor and material.

5. The War Plans provide that the Corps Area Commanders may procure such supplies as are approved by the Chief of Branch.

How are we going to regulate this, so as to prevent interference with the procurement program?

If commercial shoes are purchased locally in any quantity, it is sure to initiate orders on factories for replacing commercial stocks, and these orders might seriously complicate the production of military shoes.

6. What will be done about plants in the Theatre of Operations that have important war contracts? What will be the Assistant Secretary of War's jurisdiction over them?

7. Another problem will soon confront us. This problem concerns our fast vanishing industrial experts, with World War experience. Up to the present time we have met with cordial and sympathetic cooperation on the part of the manufacturers. Many of them had World War experience and speak the language.

The time will come when these men will have gone and it will become more difficult to obtain the interest of their successors, who had no experience in the late war. We had a "Lost Battalion" experience also, but in this case it was a "Lost Munitions Battalion."

I thank you.