

FUNCTIONS AND OPERATION OF THE PRIORITIES SECTION,
OFFICE OF THE ASSISTANT SECRETARY OF WAR.

ADDRESS BY

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before

the

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WAR DEPARTMENT
Office of the Assistant Secretary

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It is well that in the discussion of the various agencies that were brought into being to bring the entire strength of the Nation behind the armed forces during the World War a high place should be accorded "Priorities". While not entirely guiltless, this agency probably has done less of the vainglorious boasting than the majority of the others. Its accomplishments were sufficiently great to make this boasting unnecessary.

It is not claimed that "Priorities" won the war, but it is claimed that priorities were a factor of enormous importance in the production of the finished items that were required by the soldiers who did win the war. It is difficult now to see how, in the particularly trying conditions that existed at that time, the supplies could have been produced without the system of priorities which was developed.

Priorities covered a wide field, deciding where and when and in what order both military and civilian needs should be supplied. They covered the materials from which goods were manufactured, the fuel, power and labor used in their manufacture and the transportation, not only of the goods themselves, but also of all those things which entered into their fabrication.

Priorities started industrial enterprises, diverted them frequently into new and unaccustomed channels and stopped them. All this was accomplished by indirection and in the manner to do the least possible harm. No industry was classed as a nonessential and thereby destroyed. No industry was absolutely deprived of anything that it needed, though in many cases its needs were rationed. Priorities merely declared certain industries essential. When these industries came into conflict with those not so enumerated or with each other, then priorities decided which should have the preference and how much. This preference always was based on considerations of national defense and these alone.

Perhaps the most interesting feature in this connection was the fact that the entire structure of priorities was built on a foundation which, while not illegal, certainly was extra-legal. Possibly this is the principal reason why it succeeded. Its only excuse for existence, its only color of authority, was that vague something called, for lack of a better name, 'The War Powers of The President'.

Just what the war powers of The President may be nobody knows and it is quite possible that nobody ever will know. Certainly, they never have been reduced to writing. On the other hand, nobody ever

- First: What they are,
- Second. When they must be utilized,
- Third How they are to be utilized.

By "Priorities" is meant the system of preferential treatment given supplies and services that will insure

- First. The prompt and orderly delivery of essential military items in accordance with their relative importance.
- Second Compliance with civilian needs insofar as this may be possible after, and only after, military requirements have been met.

The necessity for the adoption of the system arises.

- First When the supply is inadequate to meet the demand,
- Second. When the supply is adequate, but a conflict of demands requires decision regarding the order of precedence.

The method of administration of the system is through

- First Rating of orders through
 - (a) Automatic rating lists,
 - (b) Issuance of priority certificates in individual cases,
 - (c) Rationing.
- Second Rating of facilities.

The matter of how priorities are best to be utilized includes a study of their history as they were utilized during the World war, this in order that we may determine what, if any, changes must be made in the application of the system in the future. This will follow the Unit Plan of the Priorities Section, based on the Basic Plan of the Office of The Assistant Secretary of war.

You gentlemen will go, of course, to original sources of information in your search for the facts regarding the history of priority control, but a brief outline of that history may not be amiss at this time.

The first step in priority control was the formation in May, 1917, of a Priority Subcommittee of the General Munitions Board. This Committee had authority to determine priorities in both finished products and materials when there was a conflict in deliveries in accordance with the Government's general policy. It had no authority to act in deciding civilian needs not in conflict

A person desiring to make a purchase of an item not covered by automatic rating requested a certificate on an established form and action was taken thereon after reference, if necessary, to the appropriate Commodity Committee. The applicant, upon receipt of a priority certificate, presented it to the person or plant where he placed the order and the latter arranged delivery of the new order in proper relative position with reference to other priority orders.

Priority Circular No. 4 establishing automatic ratings was published July 1, 1918. This, of course, eliminated a vast amount of administrative detail. Nevertheless, it is interesting to note that Page 54 of 'American Industry in the War', Baruch, contains the statement that the highest number of applications received in one day was 1901 on July 8, 1918, and the highest number of certificates issued was 2121 on September 30, 1918. When we remember that no automatic ratings were authorized for classifications above A4 and remember further that there are only twenty-four hours in a day and few people work through all of them, it will be readily seen that priorities did not in all cases receive the careful scrutiny to which they would seem to have been entitled. In other words, there was more or less bunk about this matter of priorities, just the same as in everything else in the descriptions of who won the War.

The method of procedure by preferred lists divided industries and individual plants into Classes I, II, III and IV and they received this priority of treatment with regard to raw materials, power, labor, fuel and transportation. It was a form of automatic priorities, but it considered facilities for munitions and other manufacture rather than manufactured products and their constituent parts. The system was somewhat elaborate and classified seventy-three (73) industries and about seven hundred (700) individual plants.

The Priorities Committee finally was deciding questions of priority between

The various Departments of the United States Government,
The Governments associated with the United States in the World War;
The United States Government and the Associated Governments,
The United States Government and individuals,
The Associated Governments and individuals,
Individuals.

Members of the Priorities Committee specialized in the purposes for which materials were required rather than in the materials themselves. Information on materials was secured as required from the various Commodity Committees.

policy, which precluded the possibility of any advance planning. Enlargements of the military program were announced almost weekly, though no announcement was definite. This threw on the Supply Services the necessity for guessing their requirements and finding as best they could the sources of those requirements. A further complication arose from the need of supplying our allies with vast quantities of munitions of many kinds.

Obviously, the best means of avoiding such a condition in the future would be to have our industrial war plans in such shape that there would be no conflicts. Then the need for priorities, except possibly in the case of transportation, would disappear automatically. That of course, is an ideal which never will be attained, but our present system of peace time computation of requirements, allocation of facilities and accepted schedules of production is a long step in that direction. Each Branch Chief establishes priorities in the facilities allocated to his Branch by the fixing of delivery dates. That in itself removes an enormous mass of material from the necessity for priority control. Conservation measures that will be adopted in an emergency will take care of much more.

However, it may be accepted as a certainty that another emergency, which certainly will differ from the last one and which equally certainly will differ from anything we now visualize, will call for some measure of priority control, if not in finished items, then in transportation and perhaps also in power, labor and raw materials. To a certain extent, the Navy and the various Supply Services of the Army always will be competing with each other for these. Therefore, we must adopt into our war planning some scheme for putting such control into operation whenever and wherever it may be needed.

It must be remembered that the emergency, if it comes, will create conditions which cannot be anticipated. Therefore, our plans must be most general in their nature and consider measures that will adapt themselves to any conditions. The proposed measures are set forth in the Priorities Sections of the Basic Plan for the Procurement of Military Requirements and the Unit Plan of the Office of The Assistant Secretary of War. Both of these are available to you in your desk libraries and, for that reason, it is unnecessary for me to take them up in detail. There are, however, certain features that perhaps should be stressed.

First, there is the assumption that the primary consideration for the entire country will be the effort to win the war, that any reduction of military requirements must affect that war effort and, to a greater or less extent, deny needed support to the armed forces. Therefore, all military requirements, whatever may be their nature, must have the highest priority.

In your study of the Basic Plan you will note that, in addition to the priorities of finished items established by the General Staff and the priorities of materials and services established by The Assistant Secretary of War, or the Branch Chiefs acting under the supervision of The Assistant Secretary of War, provision is made for the establishment of Preference Lists of Facilities, both those producing finished items and those producing raw materials, semifinished items, machinery, etc., required in the fabrication of the finished items. This, of course, is merely one form of automatic priority control.

In your study of the Unit Plan you will note a reference to a system of rationing certain raw materials of great importance, as, for example, steel. I have no intention of discussing the merits or demerits of the much abused and much defended Steel Plan. The point I am making is that this system of rationing, worked out by the industry itself in peace time, is merely another means of attaining automatic priority ratings.

In its war planning the Priorities Section must work in close cooperation with every other division and section of the Planning Branch. Only so can relative importance and relative difficulty of procurement be determined. Liaison must be maintained also with Industry, Technical Societies, Trade Associations and other Government Departments and Bureaus. Only by such means can voluntary cooperation be assured and the greater the voluntary cooperation the less the need for priority control.

Summarizing

First, we must assume that priority control in some form will be essential in a national emergency, but this should be invoked only to prevent a shortage of essential items.

Second, the War Department should have no control over priorities except those relating to the supply of troops and to insure these getting precedence over any civilian requirements. Those pertaining to civilian needs should be dealt with by a civilian agency.

Third, through the peace time computation of requirements, allocation of facilities, placing of accepted schedules of production, establishing of preference lists of facilities and provision for the rationing of strategic raw materials, our war planning should minimize the need for priority control.

Fourth, after the emergency presents itself priority should be controlled to the greatest extent possible by automatic ratings, established by lists revised at frequent intervals as conditions change. The granting of priority certificates by a central