

ORGANIZATION AND FUNCTIONS OF THE OFFICE  
OF THE ASSISTANT SECRETARY OF WAR AND OF  
THE ARMY AND NAVY MUNITIONS BOARD

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by

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Before outlining the organization of the Planning Branch, Office of The Assistant Secretary of War and its planning objective, it is important to consider conditions and the organization of the Army with respect to procurement as existed prior to and during the World War.

You no doubt are aware the General Staff was created in 1903 and at that time the then existing five Supply Branches were the Quartermaster Corps, Ordnance, Signal Corps, Medical Corps and Engineers. Also the Coast Artillery Corps because of statutory requirements charging that branch with the procurement of material involved in the operation of mines for coast defense installation. The Air Corps as it exists today was an outgrowth after the war, of a division of the Signal Corps. The Chemical Warfare Service was an agency resulting from and created during the war.

These original five Supply Branches had been created at different periods in the past and each was functioning up to and including the date of our entrance into the World War in an independent and uncoordinated manner.

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Up to that time and in fact for a short time immediately following our entrance into the World War these various supply departments were organized for administrative and operative functions and were performing in an independent manner.

This branch independence resulted in a lack of a defined supply responsibility and because of an absence of an agency to direct these different branches there resulted competitive purchasing in obtaining the supply program in the early days of the World War. The question might here be asked why the then General Staff was not the agency to coordinate these different branches?

The creation of our General Staff came as a result of needful reorganization after the Spanish American War.

The law of 1903 bringing the General Staff into being charged the Chief of Staff with supervision of all Staff Departments, but, in 1916 the National Defense Act of that year forbade the General Staff engaging in work of an administrative nature that pertained to the established supply bureaus or that would involve impairment of responsibility or initiative of such bureaus. The matter then of the General Staff coordinating supply functions was not particularly in evidence before the World War.

Very early in the war there arose the necessity for the creation of civilian agencies in order to restore to normalcy the chaotic condition in industry occasioned by this supply bureau independence in their procurement activities.

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The War Industries Board--an outgrowth of the Council of National Defense--was created to develop and exercise a system of control of the Supply Branches of the Army and Navy in their supply program.

With the organization of this agency it became necessary to provide one agency in the War Department that would present to this Board the Army requirements and so the Purchase, Storage and Traffic Division of the General Staff was organized whose director was an Assistant Chief of Staff.

Thus the organization of the General Staff during the war developed into a business side and a military side all under the control of a military agency, the General Staff.

This brief outline regarding control of the Supply Branches and their coordination in matters of procurement, prior to and during the war is presented to picture the thought and conditions existing with respect to the idea of procurement supervision at the time of the passage of the National Defense Act of 1920.

The idea of placing the responsibility of procurement on The Assistant Secretary of War came after the World War, and was deemed necessary because of the desirability of separating the industrial and military effort and placing each under separate heads.

It was first advocated before Congress by Mr. Crowell, the then Assistant Secretary of War, and it was through his efforts that Congress sensed the importance of this separation and placing

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matters concerning procurement under a civilian.

The result was the passage of paragraph 5 (a) National Defense Act, 1920, charging The Assistant Secretary of War 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 on to interpret the Act, because in describing the duties and responsibilities of the General Staff, you will note that under paragraph 5 of this act, the General Staff is charged with the mobilization of the man power of the nation "and its material resources," while under section 5 (a) The Assistant Secretary of War is charged with the mobilization of matériel.

In order to make clear the division of jurisdiction between the General Staff and The Assistant Secretary of War, on this matter, a board was convened in August, 1921, known as the Harbord Board. From this Board there emanated a letter to The Assistant Secretary of War, signed by 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, 1920."

The result of the findings of the Harbord Board has been incorporated in Army Regulations 5-5 and constitutes the foundation of the organization of the Office of The Assistant Secretary of War and clearly defines his responsibilities.

I commend to you in the work ahead of you in this school the study and constant reference to this Army Regulation.

Although the National Defense Act, approved June 4, 1920, specifically placed the responsibility for the assurance of the matériel resources of the nation in the hands of The Assistant Secretary of War, it was not until the early part of 1921 that a definite action was taken to develop and plan for the accomplishment of such statutory responsibilities.

In March 1921 at the request of the then Assistant Secretary of War, Mr. Wainwright, Col. H. B. Ferguson, Corps of Engineers, was relieved as instructor at the Army War College and assigned to the Office of The Assistant Secretary of War.

Presented with the statutory problem defined in paragraph 5 (a) National Defense Act, he began to work out a plan for war time procurement.

With nothing to start with in the way of personnel and no distinct appropriation for the accomplishment of such a task, presented a problem that at the time was difficult of solving and much

more difficult of defining.

His first effort at pioneering such a project was in building an organization consisting of a representative from each Supply Service.

This first group of officers therefore undertook probably the most formidable and surely the most original work in the Army, of planning to utilize mobilized industry for war time needs.

Pioneering the answer to the question that this group of officers faced "What is our task?" it is interesting as well as valuable information to follow the answer to that question from the initial stage, through the development period to the answer the office conceives it today for "the assurance of adequate provision for the mobilization of matériel and industrial organizations essential to war time needs."

The first step was in obtaining a complete knowledge of the methods employed in industrial mobilization during the World War by our nation, and the several allied and belligerent nations.

From the records of the War Industries Board and related agencies, the custody of which had been charged to The Assistant Secretary of War, and from information obtained from sources relating to the other nations, this group of officers obtained a knowledge of the methods and agencies employed and the difficulties encountered in industrial mobilization by all the important nations engaged in the World War.

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From these studies there was determined an understanding of the task that confronted The Assistant Secretary of War to enable him to meet his statutory requirements.

The second step was in the beginning of a system of training of officers in the new angle of their profession, devoted to mobilization and use of the industrial and economic resources of the nation.

Realizing that the supply of Regular and Reserve Officers with World War experience would become more and more limited as the date of the World War recedes, it was considered essential that to be really prepared, vacancies in the procurement service must be filled with younger officers interested in and qualified to aid in the work.

Thus the Army Industrial College was the agency set up to educate officers in industrial strategy that thus far has produced over 200 officers who are now aiding in one place or another the task of The Assistant Secretary of War as well as propagating their knowledge for the benefit of yet other regular and reserve officers.

The third step was in planning an organization to synchronize the work of the procuring services and also in developing the functions to be performed by the parts of the organization planned.

Initially the idea of the officers in pioneering the problem of The Assistant Secretary of War was the application of the thought given by Mr. Baruch, Chairman of the War Industries Board, providing for the establishment of a peace time skeleton organization

that would set up as parts of that organization, Sections representing

Raw Materials,  
Finished Products,  
Facilities,  
Price Control,  
Labor,  
Priority,  
Conservation,  
Planning, and  
Statistics.

Upon that initial thought has developed the present organization of the Planning Branch, Office of The Assistant Secretary of War as shown by Chart A.

This office organization is the physical equipment required in order that The Assistant Secretary of War can discharge his statutory duties.

It does not interpose or limit in any way the work of his operating staff, the Chiefs of the Supply Branches.

It will be noted by the Chart:

First That the activities of the office all center under the supervision of the Executive to The Assistant Secretary of War.

Second That the four main divisions of the office are the Administrative, Commodity, Procurement Control and Industrial Divisions.

Unlike the General Staff, this organization has not been given the test of war and while we believe this present basic organization is sound, yet we know changes that we cannot now foresee will occur necessitating reorganization, perhaps, rebuilding to make it stand the strain of war as an agency to supervise procurement of military supplies.

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Fundamentally, the functional work of the Planning Branch centers on the Basic Plan for the Procurement of Military requirements. The purpose of that plan is to state briefly the control policies that will govern War Department procurement, in a war of such magnitude that the demands of the Army may result in competitive conditions between Supply Branches, unless definite action is taken to prevent it. It is this organization now set up in the Planning Branch that we believe will be the agency that will prevent Branch competition, and give an assurance for a complete supervision over war time procurement for the Army.

Before discussing the separate divisions of the organization of the Planning Branch, I want to show by this Chart the relation of the Supply Branches to The Assistant Secretary of War, and to the General Staff.

First It will be noted that the activities of the War Department can be distinctly divided into two parts, military activities under the Chief of Staff all shown to the right of the center line, and the industrial or business activities, to the left of the center line under The Assistant Secretary of War.

Second That the Chiefs of the Supply Services have dual functions in varying degrees. On Military Matters such as the storage and issue of supplies, and the organization, training, and equipment of units of any Supply Branch, the Chief of that Branch

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functions under the General Staff, while on matters of procurement they act under the supervision of The Assistant Secretary of War.

Third That matters of conflict between the General Staff and The Assistant Secretary of War may be cleared through the War Council.

Fourth Supply Branches are operating agencies of both the General Staff and the Office of The Assistant Secretary of War. In matters of procurement they are responsible to The Assistant Secretary of War, and for the storage and issue of supplies they are responsible to the General Staff.

It might be well at this point to further distinguish between the duties of the General Staff and the Office of The Assistant Secretary of War in connection with supplies.

Briefly it can be stated the General Staff is charged with, determination and development of types, quantities required, rates at which needed and the storage and issue to troops of all supplies.

The Assistant Secretary of War is charged however with the supervision of procurement and delivery of material to depots, but as procurement involves specification and type, all specifications are now "cleared for procurement", that is, as to availability for procurement of manufacture, by The Assistant Secretary of War before being adopted.

Mobilization plans can be considered in two parts, man power plans and material plans.

An Army is made up of men called to the colors, and the

organized by The Assistant Secretary of War. The purpose of these districts is to decentralize the organization for controlling production, to obtain a knowledge of industrial capacity, to distribute the military load, and to assure the obtaining of supplies with the minimum disturbance of the industrial development of the nation.

Under this system the United States has been divided into 14 Procurement Districts in each of which will be a representative of a Supply Branch known as a District Chief. (Chart D.)

However, for the purpose of procurement planning in time of peace, Supply Services are authorized to set up Branch Procurement Districts that would consist of one or more of these industrial districts, but where two or more of such industrial districts are embraced in any one branch district the records and data relative to procurement are to be kept separate for each War Department District. This is in order to facilitate the prompt establishment of each War Department district in time of War.

#### COMMODITIES

The problem in the branches is the procurement of the finished products but the manufacture of those articles depend largely on the raw materials that enter into the fabrication of them.

Every finished article to be procured by the different Supply Services involves certain raw materials and consequently it is as important to assure the obtaining of these and their systematic flow to consumption centers as it is to plan for the procurement of the finished article.

Consequently the study and development of plans for obtaining raw materials is a most important one to the Planning Branch.

Some of these raw materials are classified as Strategic, that is they are not obtained in this country or else in such small quantities that reliance must be placed on importations to meet demands. Others are classified as Critical, that is they are obtained in this country but in such limited quantities as to present a procurement problem.

This problem then of raw materials is placed on the Commodity Division of the office of The Assistant Secretary of War that with the organized commodity committees, consisting of representatives from the using Branches, collects data pertinent to the material, and then prepares the plan for the obtaining of it in the quantities and at the time required. Like as they were in the War Industries Board, these committees become the source of authoritative information, where best to obtain the material desired to complete the planning for obtaining the finished product.

They might be called the backbone of our work in the Planning Branch for without a knowledge of the matériel requirements entering into a finished product, the quantities required, their availability, and the dependence of the civil and industrial life of the nation on them, our whole structure in planning would be faulty and collapse in time of a national emergency.

For example, take leather: An article used in some form

or another in a finished product by the Quartermaster Corps, Ordnance, Air Corps, Signal Corps, Engineers and the Navy.

Would it be sound to plan for only the obtaining of our requirements for shoes, harness, saddles, flying suits, and various straps, for small arms equipment, were we not first to study and plan for obtaining the leather essential to the manufacture of such articles?

We require over eleven million hides as now determined, to meet the requirements for the first twenty-four months. Could we be assured of that supply without a study of the resources from where we can obtain them as well as the importance of considering the civilian needs?

Major Hobley will several times during the coming year discuss with you in more detail the importance of raw materials and the work of the Commodity Division. I have touched briefly on the subject at this time to show one phase of the work of The Assistant Secretary of War.

In the Procurement Control Division, we come to a definite supervision the Office of The Assistant Secretary of War exercises over branches in planning for the procurement of the finished product.

Recalling for the moment World War conditions and the struggle of branches to obtain supplies required we read of the Navy, the Shipping Board, the Allies and the then five Supply Branches of the Army, all demanding supplies and in some cases bidding against

each other for them. Consequently, prices rose, labor demanded more money, and branches demanded priority for filling orders, for supply of fuel, labor and power, and for transportation to move raw materials and finished products.

Under the present organization of the Office of The Assistant Secretary of War there has been set up an Allocation Section, that allocates facilities to requiring branches for the production of military supplies.

Allocation is the decision by The Assistant Secretary of War to set aside a facility in its entirety for the exclusive use of a particular supply branch, or the joint use of two or more branches, in planning to procure in time of an emergency definite supplies or materials capable of being manufactured in that facility.

It is the initial step in war planning that together with the other dominant factors--surveys, accepted schedules of productions, factory plans, and finally Specific Procurement Plan, that will provide The Assistant Secretary of War the assurance of adequate provision for the mobilization of industrial organization essential to war time needs.

I use the term "facility" as applying to any industrial plant turning out a finished product.

At present over 15,000 industrial plants of the country have been allocated to the several supply branches. So with a knowledge that each branch has of what is required, then a knowledge of

where to get it, and finally an assurance of how much it can get, will no doubt prevent a repetition of the conditions in the early days of our entrance into the World War.

Our efforts at allocations are being coordinated with those of the Navy, through the Army & Navy Munitions Board, that I will discuss later on.

### PRIORITY

With the allocation program carried to its ultimate goal there should not be much need for priority rulings as between the Army and Navy. There may be a need, however, to determine precedence of orders between the different Supply Branches.

It is within this sphere that the question of Priority will require action by The Assistant Secretary of War.

By priorities is meant the system of preferential treatment given supplies and services that will insure:

The prompt and orderly delivery of essential military items in accordance with their relative importance.

The need then for adopting a system of priority will arise

First: When the supply is inadequate to meet the demand.

Second: When the supply is adequate but a conflict of demands requires decision regarding order of precedence between Supply Branches.

### POWER

Power shortages occurred during the World War and it is unsafe to say they will not occur in any future emergency.

To be prepared to handle such an emergency the Corps of Engineers has been conducting a survey of existing installations, transmission lines, consumption centers and the possibility of inter-connections.

In the Office of The Assistant Secretary of War studies have been made of methods of expressing requirements of finished products in terms of power required to produce them.

From each procurement district annual power requirements are submitted and studied in connection with similar reports obtained from the eleven power zones that have been designated by the Chief of Engineers.

It is felt that from this knowledge of power requirements and so coordinated as it is with the power available in the country, that no great difficulty will be experienced in getting the needed cooperation for our requirements.

#### TRANSPORTATION

The subject of transportation has been constantly under study in the Office of The Assistant Secretary of War. The question is often asked "Why is The Assistant Secretary of War interested and what is his part in transportation?" While the answer to this involves a lengthy discourse on the subject, I will only touch on it in a general way, and leave to other officers of the Planning Branch to further elaborate on the subject later during the course.

Transportation is essential not alone to mobilization of man power but to the mobilization of industrial requirements for military needs. The interest of The Assistant Secretary of War in the subject includes the movement of raw materials to the facilities manufacturing the finished product and the movement of the finished product from the factory to the point where it will be stored or issued under General Staff control.

The problem, therefore, is one of preventing shortages and congestion of transportation facilities, to assure the flow of matériel to industrial organizations, and from there the flow of the finished product for military requirements.

The important factor involved in this study of transportation is "requirements".

Not so much for what is needed but where? so as to avoid choke points on any of the systems.

Another factor is availability of sufficient transportation facilities at factories such as adequate siding and switching facilities to assure the movement in of raw materials and the movement out of the finished products at the scheduled rate of production.

#### LABOR

This is a subject that is very seriously considered and studied by the Planning Branch.

Labor is an agent, essential to our War Planning, and like raw materials, finished products or any other factor entering into military requirements, it must be planned for like the others.

In the studies of this subject consideration is given of the three types needed to produce military needs: Unskilled, semi-skilled, skilled, and our interest centers in the product of this labor rather than the method of its employment.

Calculating requirements in it can be only approximate. The constant changes in manufacturing processes, the development of labor saving devices and substitutes will change as will the effort of industry.

Granting that unskilled labor will be ample, our studies and planning for its use, limits such to the correct and economical distribution of it. For it is evident that if a control is not exercised the supply of one area may be overloaded while another district may be in urgent need.

In the semi-skilled class, our problem becomes a little more complicated. Here enters a factor involved in producing war orders that in themselves involve a greater output factor than is normal in peace, and the factor of labor is just as vital to this increased industrial effort as is the supply of raw materials or power.

For skilled labor it is even a greater problem. For as I see it, the subject now reaches a two-way phase, one the method or planning to augment the existing skilled labor, the other a method to prevent losing the existing skilled quantity and a consequent loss of industrial output, that may occasion when skilled labor inspired

by patriotic motives, leaves its trade to join the colors.

While this subject of labor could be talked on for hours, my aim here is only to present a broad picture of it and indicate the lines of study the Planning Branch is pursuing to offer a solution, if only a temporary solution, of the question.

Colonel Ross of the Planning Branch will discuss other phases and angles of this question.

In brief our work in connection with labor is:

Determining our requirements in labor particularly in highly skilled trades essential in the fabrication of non-commercial items, and

Providing measures in peace time to apply in emergency so as to least disturb the economic relationship of labor or industry.

While these remarks have covered in a very brief manner an outline of the organization and work of the Planning Branch, I have not touched on the problems confronting us and which yearly the Planning Branch is working for a solution of them.

Our work and our interest is not alone the determination of the quantity, quality or make up of these factors but the adjustments we must provide to meet the changing situations developed in industry and in war and translating those adjustments to meet military and industrial needs.

1. How are we going to prevent overloading industrial areas

not only in the placement of orders but in power, labor and transportation?

2. We are searching for a method of recording progress in procurement to allow not only the Chief of a Branch but The Assistant Secretary of War as well to apply timely corrective measures in case of the failure of any plan or a factor involved in it. Our aim is to develop some system or chart as to show the position of readiness for each essential item at any time.

3. War Plans provide local procurement of supplies may be made by Corps Area Commanders in emergency. How will this be regulated so as to prevent interference with our procurement program?

4. What will be done about plants or manufacturing concerns having important contracts, that may be in the theater of operations? What will be the jurisdiction of The Assistant Secretary of War over them?

5. What if any superagency will need to be set up to administer the natural resources of the Nation for military and civilian needs, and how will our organization team with such an agency?

I mention these few of our problems merely as side lights for you in the thought you will give this subject of industrial mobilization, and the work of the Planning Branch in connection with it.

To discuss the functions of the Army and Navy Munitions Board, it is necessary to go back to a time when it was generally accepted that some sort of a coordinating agency in the matter of supply

between the Army and Navy was necessary.

In June 1919 the War Plans Division of the General Staff initiated a general study of this subject. Based on a report of the President of the Naval War College and to the many changes in supply methods occurring during the World War, the Secretary of War, on recommendation to the Secretary of the Navy, suggested the reorganization of the Joint Army and Navy Board that had been in existence prior to the World War. Reviewing the thought that then existed for reorganizing this Joint Board, I believe it was contemplated at that time that that Joint Board would undertake the coordination of all matters of supply involved in any war plans of the Army and Navy.

Remember, now, that this was prior to 1920, the year the National Defense Act was passed which charged The Assistant Secretary of War with the statutory obligations pertaining to industrial mobilization. It seems to me then, that when this industrial mobilization was charged to a civilian it took away from the Joint Board the question of coordination of supply between the Army and Navy.

Accordingly, in June 1922, the Joint Army and Navy Board submitted a recommendation to The Secretaries of War and Navy to create an Army and Navy Munitions Board to consist of The Assistant Secretary of War and The Assistant Secretary of the Navy, this board to have the duty of coordinating the plans for the acquiring of munitions and supplies required for the Army and Navy Departments for war purposes or to meet the needs of many joint plans and with

evolving a legislative plan which would allow the procurement program to be put in effect. These recommendations were approved by the both Secretaries, and the organization of the Army and Navy Munitions Board was created and published to the Army in G.O. 51, War Department, 1922. That order set up an organization as is shown by this chart.

I will not take your time in elaborating on the various parts of this organization but will leave this chart on the board for your use in orienting yourselves on the organization of this board as it was developed and as it exists today. Neither do I consider it necessary to go into any great detail to you in this talk as to what this board has accomplished and how it is at present carrying out its functions. This question of coordination of Army and Navy needs will be given as a separate problem at this school and presented by a committee who in the course of presentation of its report will but repeat what I could now say to you, and so I leave to that committee to present when their report will be submitted all the facts regarding coordination, cooperation, and the operation of the functions of this board.

As to the method of its operation in general, questions relative to supply that required the action of the Army and Navy Munitions Board are either presented through channels to the board and in turn referred to the Policy Committee and by that Committee to the interested sub-

committees for report and recommendation, or else such questions originating in one of the committees B to J, or their sub-committees are routed to committee "A" with recommendation. On the two Assistant Secretaries who compose the Army and Navy Munitions Board rests final decision. While this board has accomplished a great deal, particularly in a recognition of the need for Army and Navy cooperation, still there is a great deal to be done and the fact that it hasn't been done may be due to several causes. One of these is possibly the difference in organization between the Army and Navy. In the Navy there is but one Material Division, having its nine sections, and with but one purchasing and accounting bureau, the Bureau of Supplies and Accounts. Whereas, in the War Department there are the seven separate supply branches and each branch purchasing its own technical supplies. Another cause may be due to the difference in the methods and basis for war planning of these two services. One plan for a maximum military effort is the War Department General Mobilization Plan. The maximum Naval effort may possibly be an Orange Plan.

The War Department General Mobilization Plan can be adjusted to conform to any lesser color plan, whereas the many areas of action involving the Navy require distinct and separate plans for each.

Due to the changing of a fixed naval armament during peace time on account of international agreements on limitations

the Navy is placed in a state of uncertainty of what we call in the Army as "Stocks on hand" on M Day.

In the War Department reduction in material or strength of our peace-time standing army affects our war planning much less than where reduction of battleships or cruisers affects the Navy.

With the Army we can continue to plan, independent of how small a nucleus we have of a regular standing Army, but in the Navy the international agreements on limitation of armament that reduces the number of battleships, cruisers and other such naval armament makes naval planning a difficult and ever changing problem, where what would be available and ready for war is not known today.

To me the two most important fields to consider where the Army and Navy come in contact, are Industrial Allocations and Raw Materials.

What the Army wants to know primarily is where is the Navy going to place its contracts and what amounts, so as to determine probable interference with Army plans and then present these conflicts to the Army and Navy Munitions Board for a solution or adjustment of the difficulties arising.

The organization of the Army and Navy Munitions Board was built with the idea of adjusting such conflicts but whether that organization is adaptable for this purpose in peace time remains to be seen, and will only after the Navy has developed its plans to a point where its requirements when definitely established can be coordinated with those of the Army with respect to a satisfactory placement of same with industry.