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ORGANIZATION AND FUNCTIONS OF THE
ARMY AND NAVY MUNITIONS BOARD

by

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In presenting to you this morning the organization and functions of the Army and Navy Munitions Board I shall endeavor to avoid reading too much of the descriptive text which can be found in full in the Joint Action of the Army and Navy and in the Industrial Mobilization Plan - 1936 This descriptive text is included in the mimeographed sheets which have been furnished to each of you at your seat assignments Such of this text as is not clear can be the subject of discussion during the question period following this talk

The Army and Navy Munitions Board is the established agency for dealing with procurement problems requiring coordination of Army and Navy interests It came into being in June, 1922, following a recommendation of the Joint Board to the Secretaries of War and the Navy that there be created a board to be known as "The Army and Navy Munitions Board" to be composed of The Assistant Secretary of War and the Assistant Secretary of the Navy, with such assistants, committees or subordinate agencies as in the opinion of the Board may be necessary and advisable The Joint Board further recommended that the Army and Navy Munitions Board have the duty of coordinating the planning for acquiring munitions and supplies required for the Army and the Navy for war purposes, or to meet the needs of any joint plans, and with evolving a legislative plan which would allow the procurement program to be put into effect. These recommendations were approved by both Secretaries and the organization of the Army and Navy Munitions Board was consummated. This action of the Joint Board was initiated by a memorandum of The Assistant Secretary of War, dated February 15, 1922, and the Army and Navy Munitions Board was created by Joint Administrative Action of War and Navy Department General Orders in November, 1922

Thus it will be clear that, while the Army and Navy Munitions Board has no specific legal authority for its existence, it has the authority of the Secretaries of War and Navy behind it and this is all that is necessary for its existence and operation

I believe that Colonel Ferguson who was the Executive Assistant to the Assistant Secretary of War in 1921-1922

was the man who first conceived the idea of the formation of the Army and Navy Munitions Board and much credit is due to him for his perseverance in seeing the idea through

The Army and Navy Munitions Board has passed through different phases of organization. At first it consisted of various committees to assist the Board proper. Its present organization consists of The Assistant Secretary of War and The Assistant Secretary of the Navy - assisted by an Executive Committee composed of three officers of the Army and three officers of the Navy selected by the Secretary of War and the Secretary of the Navy, respectively

For ten years after its organization, the records of the Board show few meetings and practically no accomplishments. Apparently this inactivity on the part of the Board was caused largely by the lack of data on supply requirements in the two Services. These requirements must necessarily be based on the military effort to be supported and it was not until 1929 that a Joint Basic Plan was agreed upon by the Army and the Navy and the way cleared for the difficult task of computing supply requirements

In June, 1931, the Board was reorganized and an Executive Committee provided. The new organization, however, failed to recognize the interest of the Army General Staff and the Bureau of Supplies and Accounts of the Navy Department in the work of the Board and included no representatives from these agencies on the Executive Committee. It was not until August, 1935, that such representation was secured through the appointment of an additional member from each service. The first permanent Secretary of the Board was designated in September, 1934

The present organization and functions of the Board, together with the principles to be followed in its activities, are laid down in the document entitled "Industrial Mobilization Plan" approved by the Secretaries of War and the Navy in 1936

Putting it in summary form, the Army and Navy Munitions Board is charged with two very important functions in connection with industrial mobilization.

First It provides the meeting ground on which the Army and Navy get together in coordinating their respective plans for war procurement and is responsible that such coordination is obtained

Second. As the senior agency of the Government involved in planning for industrial mobilization in war, the Board must insure that plans involving the Nation as a whole shall be prepared and that these plans shall be adequate and workable

The necessary principles and directives for the accomplishment of these two functions are set forth on the mimeographed sheets which you have before you

One additional quotation from the Industrial Mobilization Plan will complete the list of prescribed duties. This quotation applies to the duties of the Board in the transition period before the War Resources Administration is organized and while the Board is acting in its place.

"The Army and Navy Munitions Board, although not exercising any control over civilian industry, coordinates the industrial demands of the Army and the Navy and, until the War Resources Administration is created and ready to function, clears procurement requirements for the fighting forces, allocates facilities, assigns production and delivery to meet prescribed military priorities, and in general coordinates the procurement program so that the War Resources Administration can take over its functions under circumstances favorable to future control "

Approval of action taken by the Munitions Board is not required except that any plans prepared by it that affect joint war plans and joint Army and Navy policy relative to the national defense are required to be referred to the Joint Board for consideration before submission to the Secretaries of War and Navy. Problems upon which the Board cannot reach an agreement are forwarded to the Secretary of War and the Secretary of the Navy for adjudication. The Army and Navy Munitions Board, therefore, is not subordinate to the Joint Board but coordinates with it and is responsible only to the Secretaries of War and Navy for its actions.

Having thus examined the formal directives setting up the Board and prescribing its functions, we may consider the methods by which the Board actually operates and some of the results obtained.

The Board is provided with two secretaries, one each from the Army and the Navy. The senior officer

maintains the records. When a problem within the province of the Board as above outlined arises in either service it is referred to the Army and Navy Munitions Board. The Secretary forwards it through the co-secretary to the Senior member of the Executive Committee of the other service for comment and recommendation. The Executive Committee then considers the problem endorsed by the views of both services and makes its decision based on those views and the interests of both services, or, if a more detailed study be necessary, it may refer the matter to the proper division of the Board for study and recommendation before final action is taken by the Executive Committee. Action having been taken by the Executive Committee and approved by the Assistant Secretaries of War and the Navy, it becomes an approved joint procurement plan, policy or allocation, as the case may be, and stands as a precedent for future problems of a similar nature.

The Board is assisted in its work by its own subdivisions, manned in peace by personnel holding positions both in the Board and in the planning organizations of the two services. The training thus made possible will be of material assistance in providing the nucleus of personnel for the War Resources Administration when needed. When the occasion requires, special committees and subcommittees, with equal membership from the two services are established. For example, as soon as the two services have completed their requirements for, let us say, shoes, a joint allocation subcommittee is appointed by the Board to consider these requirements in relation to available productive capacity and to agree upon and recommend to the Board an equitable division or allocation of this capacity between the two services. This agreement is then included as a part of a formal plan for the procurement of shoes, agreed to by both the War and Navy Departments. Approval of such a plan by the Board is the final step in completing the process. So much then for that portion of the Board's duties having to do with peace time coordination of planning activity between the Army and the Navy. Let us now consider more in detail the second and more important function of the Board, that of preparing the way for those super-agencies which may become necessary in a war emergency. You will note that the peace time organizational set-up of the Army and Navy Munitions Board is practically identical with that of the proposed War Resources Administration. This is shown on the two

charts herewith This arrangement has been made, of course, with the thought that the Board, an existing agency, should be organized to act for the War Resources Administration during that critical period when the latter is getting under way and that selected personnel, together with essential records, would be actually transferred, division for division, from the Board to the War Resources Administration We may say, then, that the skeleton organization of trained personnel for the War Resources Administration and through it for all super-agencies, has now been set up Likewise the filing system of the Board has been so established as to permit the ready transfer of the records when required

Another accomplishment of the Army and Navy Munitions Board is that of preparing plans for the actual operation of all the divisions of the War Resources Administration, including the necessary steps to bridge the critical transition period while the Board is acting for the super-agency These documents include an Industrial Mobilization Plan for the Army and Navy Munitions Board, and an Operations Plan for the War Resources Administration, including Annexes on Administration, Labor, War Trade, Public Relations, War Finance, Price Control, Facilities, Commodities, Transportation, Power and Fuel, as well as legal and Policy Annexes. Some of these are now in process of revision and it is, of course, the intention to revise all annexes periodically to keep them abreast of current conditions We have, then, thanks to the Army and Navy Munitions Board, a written plan for initiating the organization and operation of those industrial control agencies which a major war may force us to set up It is, of course, contemplated that these super-agencies shall be set up only if, and as, required and also that they shall be dominated in all cases by their civilian members The representatives of the Army and the Navy on these Boards will present the problems and viewpoints of the respective services, with the assurance that they will receive adequate consideration

Just how is it proposed to have the Army and Navy Munitions Board function after M-Day and prior to the assuming of coordinating and control functions by the War Resources Administration?

First. The President would be asked to issue a proclamation creating the War Resources Administration under authority of Section 120, National Defense Act

Second The newly appointed Administrator of War Resources would be given a copy of the Industrial Mobilization Plan and the Operation Plan pertaining to it, together with its joint annexes prepared by the Army and Navy Munitions Board on Commodities, Facilities, Transportation, etc. He will be advised that these two plans represent the best thought and years of planning by the Army and the Navy on Industrial Mobilization, and that the organization can be set up immediately.

Third. The Army and Navy Munitions Board would turn to its Unit Plan. It describes the steps to be taken on M-Day to bridge the transition phase and to form the working machinery of the superagency. It prescribes the number of officers from the Army and the Navy that go over to the superagency, and to which divisions of the superagency they go and what they do when they get there.

When the War Resources Administration starts its operations, the Army and Navy Munitions Board will continue to function as a procurement coordinating agency for the Army and Navy.

As Assistant Secretary of the Army and Navy Munitions Board I should like to indulge in a little "pointing with pride" at some of the recent accomplishments of the Board working in coordination with other planning agencies. Among these are the following:

1. Allocation of existing aircraft manufacturing facilities between the Army and Navy on practically a 50-50 basis.
2. The completion of a Joint Aeronautical Plan for the allocation of aircraft and aircraft engines, propellers and other accessories.
3. The procedure by which aeronautical specifications will be cleared and promulgated.
4. Revised commodity studies on twenty important commodities have been completed and approved by the Board.
5. Agreement has been reached by the two services regarding the division between them of available manufacturing capacity for many

items on the supply list. Each case has been considered in detail by a subcommittee of the Board and approval of the subcommittee's report usually closes the matter. In some instances, however, and these nearly always involve items vital to both services, productive capacity is not adequate to meet combined needs. The best decision indicated in such cases is to divide the capacity equally and a recommendation to this effect has been made to the Joint Board.

- 6 The matter of emergency procurement by one service of material for the other has been clarified. A consolidated list of articles included in such inter-service procurement has been prepared and the procuring services have accepted responsibility for their manufacture. The understanding reached, however, is that the requiring service shall provide its own war reserve to meet needs until new production can equal requirements.
- 7 A policy has been agreed upon regarding contracts in process of being completed in allocated facilities on M-Day and has been approved by the Board.
- 8 The Steel Plan has been completed by Major Minton, O D , working with the Planning Branch of the Office of The Assistant Secretary of War, the Steel Institute, and the Army and Navy Munitions Board.
- 9 A draft for a new Chemical Warfare agreement between the War and Navy Departments has been drawn up and presented to the Joint Board and that agency has approved the agreement.

The Board has under consideration the following proposed subjects

- 1. Continued development of joint requirements and joint procurement plans for items of equipment and supply.
- 2. Continued study of strategic materials with plans for their supply in an emergency.

3 Further study of joint requirements in certain difficult items with the purpose of agreeing on allocations which are the basis of procurement plans.

4 Make the annual joint study of the Industrial Mobilization Plan

5 Continue the preparation of the Legal and Policy Annexes of the Operations Plan of the War Resources Administration

6 Continue to work for a better understanding in both services of the relationship between the mobilization rate of men and materials, war reserves and new production, to the end that war plans may be effective, practical and economical.

In summarizing it may be said, therefore, that the Army and Navy Munitions Board has been developed gradually and to meet a condition made clear in the World War, namely, that the economic aspects of modern warfare require consideration equally with the strictly military problems. The activities of the Board naturally have been directed toward remedying conditions where world war experience disclosed weakness. Hence one of the outstanding aims and accomplishments has been the development of a clear and comprehensive program of requirements for the Army and the Navy. Another accomplishment is a general agreement between the Army and the Navy as to the division of manufacturing capacity to meet these requirements. Another is the preparation of joint studies and plans for providing the raw materials, labor capital, etc., required for these manufacturing programs, as well as to meet the essential needs of the civilian population. And finally, the Board has visualized a possible emergency where the entire economic system of the country might have to be brought under rigid government control and has paved the way by which such control may be established promptly and effectively with a minimum of economic disturbance.

The Board is now entering upon what may well be the most productive period of its history. The misunderstanding or lack of understanding, which, frankly, has hindered it or blocked its progress at times in the past, has now been largely cleared away or is in process of clearing.

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The work of the Army and Navy Munitions Board will never be completed. Changing conditions require constant revision and constant checking of plans from various viewpoints. Next year's plans will be better than today's for the aim is to make these plans sound, practical and likely to be of real service to those upon whom may rest at some future date the responsibility of mobilizing the economic resources of this country.

In conclusion let me state that it is my belief that there exists among the personnel of the Army and Navy Munitions Board an entire unity of purpose regarding the aims and functions of that agency and a thorough coordination of effort in working toward a satisfactory solution of mutual procurement planning problems. Every effort is being made by that body to establish policies, foresee difficulties in war time procurement and perfect, during peace time, plans for solving or minimizing such difficulties.

I think that you will agree that if the Industrial Mobilization Plan and its Operation Plan are complete in detail and sound in principle, they will greatly assist the Administrator of War Resources in taking over his functions under circumstances favorable to future control and the peace time mission of the Army and Navy Munitions Board will have been accomplished.

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Q. Commander, would you tell us just exactly how much authority Secretaries of the Board, yourself and Colonel Rutherford, have in settling any question that may come up individually without referring to higher authority?

A. We have no authority at all. The Secretaries of the Board simply perform the functions of any secretary. They make a record of minutes of the Board, see that the proposals submitted to the Board reach the proper persons and receive the proper consideration. Authenticating of any action of the Board is done by the Executive Committee. Colonel Rutherford, in his capacity as Secretary in Charge of the Records, authenticates many allocation cards. For that particular purpose in that phase of activity the Secretary's signature is sufficient. However, that authority has been delegated to him by the Executive Committee.

Q I have two questions. The first is with reference to the Army and Navy Munitions Board reserve facilities. How is it determined that certain facilities should be reserved? Is that dependent upon a request from some one service or is it the result of an action initiated by the Board?

A I will have to go back a little bit on that. It is only comparatively recently that the Navy Department has entered the field of allocation to any considerable extent. In 1927 a number of shipbuilding facilities and ship equipment facilities were allocated to the Navy Department by the Board. In the meantime the arms and services of the Army had done a great deal of work in the field (organization of procurement districts) in distributing their load as between the arms and services, and they got out the Directory of Allocated Facilities, with which you are probably familiar. About three years ago the question came up of just what the relationship would be in the Allocation Division of The Assistant Secretary of War's Office and the Army and Navy Munitions Board on allocating facilities. At that time, of course, the Army had done a great deal of work and it was obviously unwise to scrap all the work that they had done and start off on some new system, so the Executive Committee of the Board decided that all of those facilities listed in the Directory of Allocated Facilities would be, in effect, a pool. If the Navy had previously requested an interest in those facilities they became reserve Army and Navy Munitions Board facilities. If at any time the Navy Department submits to the Army and Navy Munitions Board a request for a share or capacity credit in a facility which has formerly been allocated to the Army only, that automatically becomes a reserve facility and is transferred to the Army and Navy Munitions Board as a reserve facility.

Q My next question is. It seems that occasionally when there are differences between the two services, particularly in procuring airplanes and airplane engines, as to the allocation of certain facilities, it has been necessary to freeze those allocations at a particular time and suspend procurement planning which may extend throughout several industries or several different supply branches. What is the particular set-up to speed up the thawing out of those frozen facilities?

A Unfortunately, progress in procurement planning is not rapid due to the fact that there are so many factors that come into it and so much ground work is necessary field work, surveys, conferences, etc. This particular situation that you speak of arose in the spring of 1936, I believe it was, when Colonel Hough, who is out at Wright Field, and our Bureau of Aeronautics representative, Lieutenant Commander Ramsey, were working on a so-called joint aeronautical plan which they were getting up for the Joint Aeronautical Board. A number of the facilities which they wanted to use were being used by Ordnance and Quartermaster Corps and various other arms and services of the Army and they were getting pretty thoroughly loaded up. They appeared to be very essential to the aeronautical industry so the Executive Committee decided that they had better not place any more load on those particular facilities until the committee on the aeronautical plan had had an opportunity to crystallize their thinking to the point where they could decide whether or not they wanted to use some of these facilities and to what extent. The report of that board is now in the hands of the Army and Navy Munitions Board, and I believe is in absolute shape to be approved by the Army and Navy Munitions Board at its next meeting in the near future. As soon as that plan is approved those facilities will be thawed out and the other arms and services can go ahead in placing their load.

Q I was interested in your statement that some of the facilities have been allocated 50-50 to the Army and to the Navy. How do you reconcile that with the idea of the priority policy?

A. I rather hesitate to go into that particular question because, I regret to say, the priority policy is considerably upset just now. New basic plans and a priority policy are being considered by the Joint Board. So far as the Executive Committee of the Army and Navy Munitions Board is concerned, they have about come to the decision that no matter what kind of priorities you set up as a result of any basic plan that there are so many chances to misinterpret the phraseology of those priorities that probably the best agreement that can be reached as to allocation of facilities is to divide them equally. Take the aircraft industry as an example. The existing aircraft industry in the country would not begin to meet the new construction program in aircraft

for either the Navy Department or the War Department, and of course, naturally, if you take any basic plan the satisfactory solution of that for the Army is to get all the facilities they can get to support that basic plan the same is true with the Navy. Obviously that cannot be done. Facilities do not exist, so it seems that the best thing you can do under those circumstances, or in any case where the facilities are inadequate to meet the requirements, is to make a division of fifty-fifty, then, when the emergency arises, to have those allocations readjusted depending upon the actual strategic situation that exists at the time. In other words, there will be readjustments due to the immediate priority of the situation. That is true not only in the aircraft industry but it will serve as a general policy or as a yardstick in, I think, all cases where there is a conflict. We have tried to iron out many allocation problems on the respective merits of the particular case and we always find that it involves a lot of friendly but nevertheless conflicting claims as to the order of priority, etc. If you can set up a general policy of fifty-fifty division of existing facilities that ends the matter. You sit down, you have the record of the facilities to be divided and you divide them fifty-fifty. It probably does not satisfy the requirements of either service completely but the participants leave the table with the understanding that they have a fifty percent interest in the facility and they have to scramble for the rest. That is what is going to happen anyway - I do not care what basis of priority you use it will have to be readjusted at the time of the emergency.

Q I think this is a highly improper question but the answer thereto will serve my purpose. What provision, if any, has been made for the supply of intermediate caliber ammunition?

A Do you mean for both services?

Q Yes, sir, for both services.

A I am not able to give you any details of the proposition because I do not remember them. So far as the Army is concerned the requirements for any intermediate caliber shell, based on the 1933 Mobilization Plan, are, I should say, at least rather appalling. I mean that the number of shells required is simply so great that there does not seem to be any hope of producing them within the

time planned. The problem has not by any means been solved. We had an allocation sub-committee on the allocation of shell forging facilities and we were able to solve in a fairly satisfactory manner the production of armor piercing shells for the Army and large caliber shells for the Navy, largely because of the fact that we have been building a new Navy for the last three years and we happen to have current contracts with a lot of these companies which required them to tool up and increase their production. Several years ago I believe the Packard Motor Company drew up a factory plan for producing 75 mm shells. I was told that they spent about \$100,000.00 on that factory plan. I believe the Army Ordnance is going ahead with plans for production of intermediate caliber shells, but I do not know, frankly, what progress they have made on it. As far as the Navy Department requirement for intermediate caliber shells is concerned, I do not think we are very worried - at least that is my belief.

Q I trust, sir, you will be indulgent with this question and consider that it is being presented by one who is merely groping toward the light in procurement matters. It seems to me that the allocation of a particular facility being split fifty-fifty between the two services, let us say for airplanes, and the specifications for the planes being different in each service would certainly lead to a complication in production that might be avoided if an entire facility were allotted to one service for production of planes and some other facility perhaps of equal potential capacity were allotted to another for the production of this similar item but dissimilar in characteristics, specifications let us say.

A I think I gave you a misconception of what fifty-fifty means. It does not mean that all of the facilities are divided fifty to the Army and fifty to the Navy. The present existing aircraft manufacturers were listed and insofar as it was possible to do so entire plants were allocated to the Army on one side or to the Navy on the other so that that conflict that you speak of would not arise in those plants. There were certain facilities which were not suitable for the fabrication or production of combat types of airplanes and they were so necessary for the training plane program that they were jointly allocated. There

are five or six of those companies that are jointly allocated. However, consideration was given to that point you bring up. The training planes are so similar in characteristics that there should be no particular conflict in turning out a training plane for the Army or for the Navy, they are interchangeable. When they came to Boeing and Douglas, neither the Army nor the Navy was willing to have either one or both of those plants allocated totally to the other service so those two plants were jointly allocated. That was a compromise that had to be reached, it had to be accepted before any agreement could be reached, and in view of the fact that no agreement had been reached in the previous eight years I think the compromise was worthwhile. Does that answer your question?

Q Yes, sir, that answers the question. Thank you.

Q What is the nature of the statistics that the statistics branch will handle?

A Do you mean of the War Resources Administration?

Q Yes, sir.

A I should say that they would comprise almost all kinds of statistics but principally progress statistics on Government work in the nature of a check up as to the progress being made on Government contracts. I think perhaps Colonel Jordan can help me out on that.

Colonel Jordan. What Colonel Ayers did in the last war is exactly what they would do. If you will look that up, sir, you will have the full answer. Captain Allen, we would be very delighted to hear from you, sir.

Captain Allen. I cannot add very much to what Commander Hendren has already said. I can say, from practical experience for the last year and one-half in working on the Board, that the principal trouble with the whole business is the fact that the Army does not like to have the Navy tell them that they cannot mobilize 4,000,000 men and the Navy does not like to have the Army tell them that they cannot put their new building program into effect and have it started immediately on M-Day. If we can come to an agreement based on this fifty-fifty adjustment, which is purely a peace time adjustment and

not a war time adjustment, we will have a division of the facilities that will enable us to plan sufficiently well to get under way properly on M-Day, I am very certain. Bear in mind that the fifty-fifty division is purely a peace time set-up for planning and the idea is that the actual priorities of the color plan dictated by the emergency at the time will come into effect on M-Day and force a certain amount of adjustment. Fortunately, of a large number of the items there is a sufficient supply and the readjustment of those items will not be necessary, but in the question of planes, the question of machine tools, and some of the more critical items, it will be necessary to readjust based on priorities of the color plan.

Colonel Jordan: Thank you, Captain Daubin, we would like to hear from you, sir.

Captain Daubin: I thank you very much. I have nothing to say.

Colonel Jordan: Colonel Rutherford, we would like to hear from you.

Colonel Rutherford: I have nothing to add to the discussion but I would like to say that Commander Hendren is due to leave the Army and Navy Munitions Board shortly to go to sea duty. We are certainly going to be very sorry to see him go. You can see by the presentation he has made that he possesses a very fine traditional attitude, which has been reflected in all his work on the Board and has helped to obtain real progress. The material that he has given you and the experiences he has had are far more than I can add anything to. I do hope, if any of you have any problems that you think may come up between the Army and Navy, that you will take advantage of this opportunity and ask Commander Hendren about them because he has had the experience and he can give us a good answer.

Q: Realizing that about eighteen years ago the National Defense Plan gave The Assistant Secretary of War certain duties in connection with preparation of the Industrial Mobilization Plan, I am wondering whether we are ready for this M-Day now, whether the plans we have prepared are fulfilled functions which have been assigned to The Assistant Secretary of War?

A To answer the question frankly, I do not think that the legal mandate under which The Assistant Secretary of War is operating has been completely satisfied and I doubt if it ever will be because you cannot prepare for a war in all particulars and I think if you go too far into details you may have to undo some of the things you have already done I think that is somewhat like the situation where a witness was called in to testify concerning a railroad wreck There was a freight train standing at a station and a through passenger train crashed into the rear of it and did a great deal of damage This bystander was on the stand and he was asked if he saw the accident He said he did Then he was asked "What did you think?" He said "I thought it was a hell of a way to run a railroad " If you have your plans made and you do not operate them properly you are not going to get the proper results I think there has been a great deal of progress made, considering the fact that we started out from scratch in the last war I think we have probably obviated many of those difficulties in the next war Taking into consideration the fact that you are working under peace time conditions with limited funds and limited personnel, I think The Assistant Secretary of War has done a very good job

Q I should like to ask a question regarding priority action On the War Resources Administration chart priority is shown under the Policy Division Will there be any development from that for an operating or control agency organization in priorities during war time?

A As I understand it, the intent of the Priority Section of the Policy Division is to set up a policy which accords a certain order of priority to orders originating from the Army and Navy and from other Government services. If the Ordnance Department of the Army desires to have accorded to an order from them a higher priority than that established in the Policy Division they will so represent it to the Policy Division and that request for priority will be considered by the appropriate commodity committee or war service committee When that report is rendered to the Policy Division, if the appropriate committee recommends a higher order of priority for that particular order, the Policy Division will grant it In other words, it is not a control agency but a policy agency and the necessity for other orders of priority will be determined by the subordinate committees of the administration

Q That may be quite true in war, but suppose, and undoubtedly it may happen, that your uses of transportation, power and fuel, come into the picture in priority determination, then your commodity committee cannot determine the matter and somebody must decide and establish priority for the use of transportation for the commodities being selected

A I do not quite see why there would be any particular difficulties arise in the transportation priority if the order is properly cleared because the Transportation Division should have thorough knowledge of the general problems of transportation involved and their operations should take care of that. Of course there will be undoubtedly many problems arise which cannot be foreseen and extraordinary measures will have to be instituted to take care of the particular situation. I do not know that I can clarify the thing any further than to say that the administrator himself will have to make certain of these decisions upon the recommendation of the heads of the control divisions, in many cases there will probably have to be a compromise, and in many cases it will have to be an arbitrary decision on the part of the administrator

Q I would like to ask two questions that are being constantly asked me by the students. Who forms the personnel at present for your different divisions?

A In the Army and Navy Munitions Board?

Q. Your Commodities Division, Transportation Division, etc , are they active?

A The Legal Division, so far as I know, is not very active. I think Major Fenr is doing a considerable amount of work on contracts. We have a designated Navy representative on the Legal Division. However, I do not think they are very active at the present time. This Policy Division, of course, is not required to be particularly active in peace time. It would be very active when this agency (designating on chart) is acting in place of the War Resources Administration. The Standards Division of the Policy Division is active in that there is a membership from both services which will clear aeronautical specifications submitted to it by the Aeronautical Board. However, that is largely a matter of final authentication

and record - no technical decisions on the part of that division being required. In the Liaison Division the dual membership of these sections has been active in recent months. They have developed annexes for these various sections here (designating) and a considerable amount of work has been done in bringing those annexes up to a finished form. Comments from one service have been considered by the other and vice versa, and agreement has been reached as to the substance of these annexes. The activity of this Administration Division of course is comparatively small. Colonel Rutherford's office takes care of the mail and record, statistics, personnel, stationery, and these (designating) are inconsequential. The Facilities Division has developed an annex, and from the Army side I think considerable study is being made on the Construction and Conversion Section. The Army and Navy Munitions Board does not make any surveys at the present time. The surveys are made independently but are available to both Army and Navy. The Army Procurement Districts have made most of the surveys but the Navy Department, through its Naval Inspectors of Materiel, have made some surveys for purely Naval materiel in which the Army has no comparable interest. I might say that as far as the Navy Department is concerned a great deal of our information on facilities can be and is obtained by current contact with the contractors. We have quite a close contact with all sorts of firms and individuals who are in the business of making shipboard equipment, furnishing standard equipment for our shore establishments and our fleet, and the bureaus that have cognizance of this material are in very close contact with the representatives of these concerns. When we cannot get information through them we try to get it through our Inspectors of Naval Materiel. The Transportation Division has developed an annex for the Transportation Division through Army-Navy membership, likewise, Power and Fuel. The Commodities Division, I think, has been the most active. During the past year joint Commodity Committee meetings were held, I think, on some twenty-two commodities. Colonel Rogers and Lieutenant Commander King have headed up the work for the Joint Commodity Committees, and I think there has been a great deal of very useful work done in perfecting the plans for these commodities. Some eighteen finished plans for strategic materials and some nine plans for critical materials have been completed and approved by the Army and Navy Munitions Board. About twenty-seven other studies on

critical materials are in shape to be submitted to the Army and Navy Munitions Board for approval, and there are commodity surveys in existence on all of the other critical materials. They are on file in the Commodities Division, Colonel Rogers' division, are available to both the Army and Navy, and would be transferred to the War Resources Administration as part of the Army and Navy Munitions Board records. As to the sufficiency of the study on commodities, there is a considerable amount of work to be done to bring them up to date but I think that, by and large, the studies are somewhere between eighty-five and one hundred percent complete.

Q May I ask another question? The period of strained relations of course means contact with other Governmental departments. Do the other Government departments recognize the Army and Navy Munitions Board? Are they in contact with it? What is their attitude toward the section of the law which says that The Assistant Secretary of War shall be responsible for industrial mobilization? That is constantly being asked me and I thought I would put you on the spot - they won't take my answer.

A So far as I know, the Federal Procurement Division of the Treasury Department is thoroughly acquainted with the proposed set-up. I think they are convinced that such a set-up is necessary and that they are in sympathy with the plans for setting it up in its present form. In the contact that we have had with the State Department in discussing this thing I have not heard any criticism of the plan. Captain Allen and I have discussed it with some officials of the State Department and they seemed rather amazed that anybody would have thought so far in the future about this thing, otherwise, they had no comment to make. So far as contact with other Government departments is concerned, I do not have any knowledge of what their attitude is. However, I have uncovered here and there evidence that this Industrial Mobilization Plan and all the superagencies mentioned in it are being studied in one of the post-graduate schools of Harvard (I have forgotten what it is, political science or some other branch of the post-graduate work at Harvard). I may be over optimistic but I think that most of the other Government departments would first learn about this plan when it was put into effect and that they would probably be very gratified to

find that somebody had been thinking about it and that it did not have to be done from the ground up. That is my own reaction to the situation.

Q Suppose the Commodities Division desires information from any of the other Governmental departments, the Bureau of Mines, Highway Department, these numerous alphabetical agencies - if there is a reserve officer, especially a procurement reserve officer, in those agencies I can see where the Commodities Division could get some information perhaps, but is there any method of getting them to prepare their material or set down the tables they have in such shape that the Division can use them?

A I do not think there is any difficulty experienced on the part of the Commodities Division in obtaining any information from any other Government agency provided there is no legal restriction on releasing that information. I am going to ask Colonel Rogers to tell about his experience in dealing with other Government agencies in his particular work. The Bureau of Mines is certainly most willing to give to the Commodities Division or to the Army and Navy any information that they have which can be used. Colonel Rogers, would you help me out on the details of that particular situation?

Colonel Rogers I have had a very pleasant experience in dealing with the Government agencies. I have found that they have been most cooperative. We have a great deal of respect for the work and the opinion of Colonel Furness. All of you had an opportunity to judge the man's ability in the type of work he does as a result of his appearance before you recently. He has been a great consolation to us, a great source of information, and has very kindly placed at our disposal any information that we required for which the Bureau of Mines is held responsible. The Bureau of Mines, as you know, is now under the Department of the Interior, formerly it was under the Department of Commerce. The Department of Commerce has also been very cooperative. Our figures on imports are obtained from Foreign and Domestic Commerce. I personally have become acquainted with those men at the head of the divisions, and have found them anxious to furnish us any information that should be furnished. The State Department has expressed a willingness to furnish information as to the position of the War Department and the attitude of the War Department with regard to many of the trade treaties.

that are being consummated, with special reference of course to those items in which we are most interested

One thing that might be of interest to all of you is that I had occasion recently to run out figures on the imports from foreign countries to the United States in order to determine the relative importance in dollar value of all strategic and critical items. The method of approach was this. The strategic items and the critical items were classed separately, then a certain number of items were added and classed as contributory, which were manufactured items. The sum total of the three classes comprise about 67% of our total imports. That is really to me an astounding proportion of the total imports - I had not actually realized that it was so large. I thought perhaps it was somewhere near 50%. Of course an exact evaluation is very difficult to make in manufactured products in which several materials enter and which are overlapping.

Incidentally, with regard to other services, I should like to mention (this applies not only to the other departments of the Government but to the departments within the Army and the divisions within the Army and Navy Munitions Board) that we have a section in the Commodities Division that we have had to explain a good deal about - it is the so-called Manufactured Products Section - is not very complicated after all. It contains such things as automotive, railroads, and other things which seem on the face of it preposterous. We have a set-up there in the way of commodity committees for the study of various items in which there is a problem in procurement regardless of whether that is in raw materials or whether the choke point is in the facility for producing the finished product. Therefore, when we have these various tests under that Manufactured Products Section, it was thought that it would serve as a very good method of liaison on those subjects between other departments that are interested and responsible for the carrying on of activity comprised within that Manufactured Products Section. We have no idea whatsoever of making it a very great entity but is merely for the purpose of liaison with other Government departments.

Commander Hendren There is one other thing I would like to mention in connection with liaison with other Government departments. In developing information

on commodities there is a section in the Federal Procurement Division of the Treasury Department which was working on that for the Director of that organization in connection with their normal work. They found that the Army and Navy Munitions Board was interested in collecting such data, they came to the Bureau of Supplies and Accounts and asked for a list of things that we would like to have further information on, such as substitute products for making charcoal for use in gas mask canisters, and they have produced a number of monographs on strategic and critical materials and other materials which have been very valuable. I just cite that as an example of the fact that they are anxious to help us out in this work and have done so voluntarily.

Captain Allen. On the other side of the picture, to give you an idea of some of the things we run into, the Bureau of the Census has complete information that we desire in connection with the machine tool industry but due to the legal restrictions of confidential information under which that information was furnished to them we have been unable to get hold of that information from the Bureau of the Census.

Colonel Jordan. Going back again to this question of priority, when Colonel Harris was on this platform he was asked why a priorities section was not set up in his office. He said it was not needed in peace time, that he was the priority section, and that in case of war unquestionably a control division would be set up in his office for priorities. My prediction is that in the War Resources Administration you are going to pull that out of the Policy Division and put it down in the Control Division right along with Facilities, Commodities, Transportation, Power and Fuel.

There is one other remark I would like to make. I quite agree with our speaker that one of the most important things that we have, the keystone in the arch of preparedness is the Army and Navy Munitions Board, and I think the great thing that has come out of it in the last few years has been the mutual understanding between the Army and Navy, but I won't let the Army and Navy Munitions Board claim all the credit for that, The Army Industrial College is back of the whole thing. If it had not been for the training of Army and Navy officers here at this College, the exchange of ideas in this

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College, we never would have had the fine understanding on that Board that we have today I want, sir, to claim that credit as well as to give you and the Army and Navy Munitions Board a great deal of credit

Commander Hendren Credit is due you and certainly no one desires to take it away

Colonel Jordan I want to thank you very much for coming down here and delivering such an interesting and instructive talk