

THE ARMY AND NAVY MUNITIONS BOARD

by

Lieut Colonel Charles Hines, Secretary, A N M B
March 29, 1939.

Outline for Conference

A The Essentials of a Plan for the Mobilization of Industry

I Procurement Planning

- 1 Determination of the Types of Equipment to be Used in War
2. Determination of Requirements in Time and Quantity
- 3 Determination of Sources of Supply
4. Allocation of Industrial Facilities
- 5 Preparation of Factory Plans
- 6 Development of Contract Forms for use in War Procurement
- 7 Plans for Contributory Supplies and Services
- 8 Plans for Strategic Materials
- 9 Coordination of Army and Navy Procurement Planning

II. Control of Economic Resources and Mobilization of Industry.

1. Determination of Economic Resources Requiring War-time Control
2. Measures applicable to the Control of Economic Resources in War.
3. Decision as to the Role of the Permanent Government Departments
- 4 Organizational Plans for the Emergency Control Agencies.
5. Legislation necessary for Emergency Control of Economic Resources.

B. The Problem of Transition from Peace to War. - Involves a study of the management problems and of the policies, agencies and procedure existing, planned, or possible of development, in meeting the procurement problems of the War and Navy Departments between the time that war is imminent and the actual establishment of superagencies

C. Periods or Phases within the Transition Period - In passing from a peace time situation to a condition of war, there will probably be three more or less distinct phases in that vitally important period. These are

- a First, when war is imminent, when only peace-time legislation is in effect, when only the organizations now in existence and current appropriations are available, and when there is executive authority for Federal agencies to prepare for eventualities but when international or

domestic conditions, or both, require that preparatory measures be attended with the utmost secrecy,

b Second, when a national emergency has been declared by the President and the provisions of Section 120, National Defense Act have been invoked by the President, when, in addition to the power conferred in that Act, only peace-time legislation is in effect, when only organizations now in existence and current appropriations are available, and when the attitude of the people is not unfavorable, and,

c Third, when there has been a declaration of war by Congress, and an appropriation of funds for the first year has been made, when no additional legislation has been enacted, when only organizations now in existence are available, and when support by the people can be used as a motive force

D Organization and Functions of the Army and Navy Munitions Board

Copy of lecture attached for future reference Date already presented by me, (in part), to class in December

E. The Problems which will Confront us during the Transition Period

I will now discuss means of liaison with existing government departments and agencies and their contribution during the Transition Period Copy attached

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THE ARMY INDUSTRIAL COLLEGE
Washington, D. C.

Course 1938-1939

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ORGANIZATION AND FUNCTIONS OF THE
ARMY AND NAVY MUNITIONS BOARD

by

Lt Colonel Charles Lins, C A C.,
Secretary, Army and Navy Munitions Board.

RESTRICTED

Outline of Lecture on the Army and Navy Munitions Board
by
Lt. Colonel Charles Hines, C.A.C., Secretary of the Board

Gentlemen: - Today we will take up the senior joint planning and coordinating agency for procurement and economic mobilization.

The Assistant Secretary of War is charged by existing legislation with the responsibility for assurance of adequate provision for the mobilization of materiel and industrial organization essential to war-time needs. However, he has not the necessary authority to deal with questions relative to materiel except those pertaining to the Army. The Navy Department is as vitally interested in this problem as is the War Department and it is necessary that the needs of the two Departments be coordinated, in order that there be proper planning. Through joint administrative action the necessary coordination has been provided for by the establishment of the Army and Navy Munitions Board.

A. Army and Navy Munitions Board.

1. Creation. - Organized in 1922 as a result of recommendations made by the Joint Board. It was reorganized in 1931, and in 1935 two additional members, (one from G-4 Section of W.D.G.S. and one from the Bureau of Supplies and Accounts, Navy Department), were added to its Executive Committee. Authority. - Joint Board's letter JB No. 346 (Serial 181), June 27, 1922.

2. Purpose of the Board is to:

a. Formulate and keep up to date such pertinent plans

and policies as in the opinion of the two departments should be adopted by the Federal Government for coordinating and controlling national industrial effort in an emergency.

b. Assure the necessary coordination in the procurement war plans of the two services, and in all plans, studies and appendices thereto intended to facilitate the Government's efforts in an emergency to promote orderly mobilization of industry.

c. Form and direct the activities of such joint committees as may be necessary to consider, investigate, and make recommendations concerning pertinent subjects falling within the purview of the Board's responsibilities.

d. When a war emergency is imminent and until the War Resources is functioning to guide industrial activities and the utilization of materials incident to the procurement programs of the Army and Navy, and in general coordinate the procurement program so that the War Resources Administration can operate under circumstances favorable to future control.

e. After the full development of the War Resources Administration as a national industrial superagency, the Army and Navy Munitions Board will continue to function as a procurement coordinating agency for the Army and the Navy.

3. Personnel. - Consists of The Assistant Secretary of War and The Assistant Secretary of the Navy, assisted by an Executive Committee and numerous divisions and sections. The Executive Committee, (consisting, for the Army, of the Executive to The Assistant Secretary of War, the Director of the Planning Branch,

O.A.S.W., and one member of the G-4 Section W.D.G.S., and for the Navy, of the Director, Fleet Maintenance Division, Office of Naval Operations, the Chief of Procurement Planning, Fleet Maintenance Division, Office of Naval Operations and one member of the Bureau of Supplies and Accounts, Navy Department). The Assistant Secretaries of War and the Navy make up the actual peace-time board that considers questions involving joint interests in procurement planning and which sends recommendations to the Secretaries of War and the Navy for approval and to be announced as a joint Army and Navy policy for the case in question.

4. The above Executive Committee is charged with.

- a. Coordinating the work of the divisions of the board.
- b. Developing and recommending policies pertaining to procurement, in time of war, of supplies in which the Army and Navy have joint interest.
- c. Submitting annually on May 1, a schedule of proposed subjects for future consideration and study.
- d. Preparing and submitting on May 1 of each year an annual progress report of joint procurement planning.
- e. Causing a joint study to be made annually of the several parts of the National Industrial Mobilization Plan, and submitting as of May 1, each year, a report on the status of the "Industrial Mobilization Plan", together with any recommended changes.
- f. Studying methods in use in the War and Navy Departments for determining data on which procurement plans are based and making recommendations leading to the simplification and coordi-

nation of methods in order to reduce the time required for the presentation of total material requirements under any specific plan of operations.

g. Adjusting conflicting requirements arising in plans for war procurement. Any deficiencies which may develop in a war procurement plan supporting a joint plan of operations which may affect the execution of the joint plan are referred to the Joint Board for a military priority decision.

h. Recommending the personnel to be assigned from the Army and Navy Munitions Board and from the Army and the Navy to the Office of the Administrator of War Resources, as provided for in the Industrial Mobilization Plan in case of the establishment of such a superagency.

i. Considering such other matters as may be referred to it by proper authority.

5. A Secretary for the Executive Committee is selected by the Army and Navy Munitions Board from the permanent personnel of either service with the approval of the appropriate department. The Secretary is charged with the following functions:

a. Keeping records and minutes of the Executive Committee.

b. Performing such other duties as may be assigned.

The Navy is now furnishing an officer for part time duty in the Office of the Secretary of the Army and Navy Munitions Board.

6. Functions. - 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.

a. 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.

b. 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.

7. Principles for accomplishment of the two functions given above are:

a. It is a continuing duty of the Army and Navy Munitions Board to further war procurement planning in those phases wherein a joint Army and Navy interest arises.

b. The procuring agencies of the War and Navy Departments are charged with full responsibility for the timely procurement of the supplies assigned to them for procurement. The Army and Navy Munitions Board, in coordinating plans, will continually recognize the responsibility of the procuring agencies and in formulating plans will leave to the established procuring agencies the greatest freedom of action and initiative consistent with the necessary interdepartmental coordination in time of war.

c. Shortages and delays in the procurement of supplies in time of war will be minimized by peace-time studies of Army and Navy requirements and the resources and facilities available to the Nation in war and by the preparation of plans to adjust discrepancies between Army and Navy requirements and national resources.

d. It is vital that material requirements be determined with rapidity in order that allocations and priorities may be made to meet changes in the military or naval situation.

e. Procurement plans must be currently revised to conform to approved plans of military operations.

f. It is essential for the successful launching of a war procurement program that the War and Navy Departments keep available for procurement work at the outbreak of war qualified personnel conversant with the problems involved.

g. The personnel required to cope with problems involved in procurement planning and war procurement must receive a high degree of training.

h. In the coordination of procurement plans of the Army and the Navy, due consideration must be given to the essential needs of the civil population.

8. Coordination and control. - The Army and Navy Functions Board, although not exercising any control over civilian industry, coordinates the industrial demands of the Army and 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

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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.

9. Authority and Approval of Action by the Board. -

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.

10. Method of Operation. - 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 is 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. 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 superagencies which may become necessary in a war emergency. You will note, from the charts on the front board, that the peace-time organizational setup of the Army and Navy Munitions Board is practically identical with that of the proposed War Resources Administration. 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

superagencies, has now been set up. Likewise the filing system of the Board has been made in duplicate so as to permit the ready transfer of the records when required."

11. Accomplishments of Board to date. -

a. Allocation of existing aircraft manufacturing facilities between the Army and Navy on practically a 50-50 basis.

b. The completion of a Joint Aeronautical Plan for the allocation of aircraft and aircraft engines, propellers and other accessories.

c. The procedure by which aeronautical specifications will be cleared and promulgated.

d. Revised commodity studies on twenty important commodities have been completed and approved by the Board.

e. 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.

f. 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 pre-

pared 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.

g. 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.

h. 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.

i. 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.

j. A survey of the machine tool industry, in cooperation with the Machine Tool Builders Association, and joint allocation of facilities, based on the survey.

k. Preparation of an Aluminum Plan, in cooperation with the Aluminum Company of America. Plan not quite complete, due to changes in requirements under P M P.

l. Establishment of an ocean shipping section in the Liaison Division, including representation from the Maritime Commission.

m. Close liaison with the Foreign and Domestic Commerce Division of the Department of Commerce,

n. 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 superagency. 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 superagencies 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.

12. Operation of Board from M-day to Establishment of War Resources Administration. - "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?"

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

b. 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 Navy on Industrial Mobilization, and that the organization can be set up immediately.

c. 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.

B. Advantages:

1. It has developed and issued an "Industrial Mobilization Plan" which will help 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.

2. It has remedied many conditions where World War experience disclosed weakness. An outstanding one being the development of a clear and comprehensive program of requirements for the Army and Navy.

3. It has produced a general agreement between the Army and Navy as to the division of manufacturing capacity to meet these requirements.

4. It has produced, (and continues), joint studies and plans for providing raw materials, labor, capital, etc., required for these manufacturing programs, as well as to meet the essential needs of the civilian population.

5. It has visualized a possible emergency where the wartime economic system of the country might have to be brought under rigid government control and has planned the way for the agencies to carry out such control promptly and effectively, with a minimum of economic disturbance.

6. It provides a means for continuous development of joint requirements and joint procurement plans for items of equipment and supply.

7. It provides a means for the continued study of strategic materials with plans for their supply, distribution, and control in an emergency.

8. It provides a means whereby a joint agreement can be reached on the allocation of certain difficult items and thereby allow peacetime procurement planning to proceed on that basis.

9. It provides a means for the annual joint study and revision of the Industrial Mobilization Plan.

10. It provides a means for obtaining a better understanding in both services of the relationship between the mobilization rate of men and materials, war reserves, and new production, thus insuring better and more practical war plans for both services.

11. Provides a means for keeping the various Annexes of the Operations Plan of the War Resources Administration up to date

and corrected to meet changing conditions in other government agencies.

12. It provides a control and coordinating agency where joint problems can be analyzed and an agreement usually reached in cases where there is conflict between the services, or where a question or problem can be presented for the establishment of a policy.

C. Disadvantages

1. The Board has no legal status in case of conflict with some other government agency having same, in case of conflict of authority in peace or war.

2. Being composed of equal membership from both services, agreement might often be difficult and slow, thus retarding work on peace-time procurement planning or prompt decisions in war.

3. The bulk of the personnel for peace-time work is now operating in the Current Procurement and Planning Branches, and on other assignments in the Navy Department.

D. Conclusions

1. That this Board is most essential and should be the base upon which the whole scheme of procurement planning and control is built.

2. That the assigned Regular Army personnel is not sufficient for war-time expansion to meet essential needs of the new or expanded agencies planned for war procurement and control.

3. That the Board has accomplished much, has corrected many defects disclosed by the World War, and is now becoming a very important factor in peace-time procurement planning for both services.

The Problems which will Confront the Army and Navy Munitions Board during the Transition Period

by

Lieut. Colonel Charles Hines, Secretary, A. N. M. B.
March 29, 1939 - Army Industrial College.

I will now discuss the external problems, which will involve contact and cooperation with agencies outside the War and Navy Departments.

Let us now try to visualize some of the difficulties which will be encountered in converting our industries and resources to military use.

Private industry must carry war burdens, and in so doing must turn to many unfamiliar lines of operation. Obviously, the war load will fall more heavily on certain industries and localities than on others, a situation which in turn will directly affect the transportation facilities designed to meet peace-time requirements. As for materials, the demand for certain ones will unquestionably far exceed the immediate supply, resulting in wide price fluctuations. Profiteering will appear, as it always has in every past war, if prompt preventative measures are not adopted at the outset.

Let us turn for a moment to our World War experience, and review briefly the difficulties encountered.

The United States entered the war with no plan for industrial mobilization. The War Department procurement organization consisted of five semi-independent supply agencies, which were uncoordinated, and not well acquainted with industry. This condition produced competition between supply agencies and our Allies, uneven distribution of the war load over industry, unnecessary delay in production, an unbalanced production

program, unwarranted waste of Government funds, and finally a serious disarrangement of the economic structure. This economic disarrangement brought about, among other things, rapidly rising prices, food and fuel shortages, transportation congestion, labor unrest, and suffering and weakened morale among a large portion of the civilian population.

In overcoming these difficulties, action was taken along the following general lines.

The President was granted increased powers which at length placed him in supreme control of the economic effort.

Industry was mobilized and resources were controlled under a number of superagencies which derived their authority from power delegated by the President.

The War Department General Staff was reorganized and required to determine the requirements for military supplies and to control the purchase, storage and issue of such supplies.

These developments, in the absence of any predetermined plans, proceeded in what might be termed a trial and error fashion. Action was taken as the necessity therefor arose, or as experience proved that a previous method was inadequate or impracticable. The war was nearly over before our national resources had finally been mobilized for an effective, if not wholly efficient, war effort.

The Industrial Mobilization Plan has two principal subdivisions devoted respectively to "procurement planning" and to plans for the "control of economic resources and the mobilization of industry".

Today we are interested in the last phase, that of the control of our national economic resources. This will include:

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Control of Economic Resources and Mobilization of Industry.

1. Determination of Economic Resources Requiring War-time Control.
2. Measures applicable to the Control of Economic Resources in War
3. Decision as to the Role of Permanent Government Departments
4. Organizational Plans for the Emergency Control Agencies
5. Legislation necessary for Emergency Control of Economic Resources

At this point it might be well to point out some of the industrial features in the Diplomatic and Economic Annex to a Color War Plan

The following outline will show briefly what data are needed by the Joint Board for use in preparing the Diplomatic and Economic Annex to a Joint Plan

Diplomatic and Economic Situation

1. Information of the enemy, including amount, character, origin and destination of essential imports and exports, reserves of raw materials, currency, etc.
2. Information of neutrals who might be a source of enemy supply and credit, and points of contact with the enemy.
3. Information of Blue, including status of strategic raw materials and security of routes thereto, pertinent Blue military plans.

Diplomatic and Economic Mission.

Survey of possible measures for applying diplomatic and economic pressure.

1. Measures in neutral countries to undermine the enemy's

political position and to secure advantages for Blue. =====

Agencies to undertake these measures.

2. Seizure of enemy property, money and vessels. Agencies.
3. Trade agreements with neutrals, including their rationing and subsidy where desirable. Agencies.
4. Embargoes, coupled with import and export licenses. Agencies.
5. Preclusive purchases of strategic materials and shipping. Agencies.
6. Control or interruption of mail, cable, and other means of communication between enemy and neutral countries. Agencies.
7. In neutral countries, undermining enemy credit and acquire control of firms furnishing war materials to the enemy. Agencies.

Survey of possible measures for resisting enemy diplomatic and economic pressure. Similar to above paragraph.

Remarks.

Responsible office - Joint Board

Prepared by - Joint Army and Navy Board

Submitted to - President of the United States.

There are no organizations or agencies immediately available to the War and Navy Departments with full authority to exercise that degree of control over all aspects of the national economy visualized as necessary during the transition period and before our superagencies, as outlined in the 1936 Industrial Mobilization Plan, are established.

The Army and Navy Munitions Board appears to be the most suitable agency immediately available to the War and Navy Departments for furnishing joint economic guidance during the transition periods. The Board pre-

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pared the Industrial Mobilization Plan and its personnel is conversant with war-time procurement and economic control. In fact the 1936 Industrial Mobilization Plan states that the Board is authorized and directed "when a war emergency is imminent and until the War Resources Administration is functioning, to guide the industrial activities and the utilization of materials incident to the procurement programs of the Army and Navy, and in general coordinate the procurement program so that the War Resources Administration can operate under circumstances favorable to future control."

Determination of our Requirements for a Transition Plan

The first thing we have to do is analyze our requirements for such a plan.

1. We find that there is no single need at present. It is therefore important that we provide for the appointment and establishment of the War Resources Administration.

2. The problems confronting us will be those giving trouble in the World War and which are given in the Industrial Mobilization Plan, such as raw materials (including food), transportation, industrial facilities, labor, capital, management, power and fuel, publicity, price control, and financing of procurement.

3. In considering the above problems requiring control or coordination, we still have to determine what existing agencies or departments are best suited to assist us in this control. For example, under each of the following

Can the Federal Power Commission, National Bituminous Coal Commission and the Petroleum Conservation Division of the Department of

the Interior be used for war control in place of such a division in the War Resources Administration? Should the statutory authority now vested in the Federal Power Commission be continued after the creation of the Power and Fuel Division of the War Resources Administration?

War Finance - Advantages or disadvantages of setting up an independent war-time superagency for financial control as opposed to vesting control with existing agencies whose normal functions are along analogous lines, such as the SEC and RFC? Should such financial controls be confined to extension of essential industrial credit and the control of security issues, or should it be extended to cover a broader field, such as tax policies, inflation, banking, etc? Should we re-create an agency similar to the War Credits Board to advance loans to war contractors?

Public Relations - How many of our governmental departments or agencies maintain publicity sections? How could we coordinate these during the transition period in support of our war efforts, propaganda, etc.?

Price Control - What steps can be taken to prevent hoarding, speculation and the spurring of prices and wages during the transition period? What existing governmental departments or agencies are suitable and adaptable for employment as machinery for the stabilization of prices and wages? Price control includes wages and where should labor be represented? Can such an economic problem as this be worked out by experts in time of peace?

Transportation. - Which of our existing agencies could be used in furtherance of the transportation program during transition? What should be our policies to priorities between different classes of transportation agencies to prevent or to relieve congestion?

War Trade. - What will be the possible effects of existing

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special trade agreements and the existing neutrality legislation on shipping during war? Who is responsible that we get the data and action required to complete industrial and tactical plans involving war trade? Should changes in our present legislation be prepared and submitted when war is imminent?

War Labor. - What steps should we take during the transition period to prevent migration of labor, stabilize wages, prevent hurtful competition by war and non-war industries? What agencies exist to assist us in such problems? Can we proceed toward unification of existing Federal and State mediation agencies for the adjustment of disputes? Should wage and hour legislation be passed during peace and how will this help during this period? What field agencies have to be established to gain public support of labor policies, conserve skilled labor, obtain compliance with wage policies and to avoid disputes? When should the Advisory Council for the War Labor Administration be set up and what representatives should be on it?

Knowing our requirements for control and supervision, we would probably proceed as follows.

Transportation.

Assuming that all the Annexes of the Operations Plan, War Resources Administration have been prepared and are on file, the Army and Navy Munitions Board, in accordance with its normal mission should proceed at once to assist the war-time President in utilizing to the fullest extent all forms of transportation with the least confusion or congestion. Also to coordinate the railway, highway, water, airway and pipeline facilities to the end that each will be utilized to its maximum capacity.

The control during this transition period should be exercised

through an agency of the Executive Branch and would include such supervision and regulation as will insure the attainment of the desired end. The necessary coordination in providing the service essential to the success of the war effort may be accomplished by voluntary action on the part of the carriers or it may be required. The minimum departure from established relationships should be the rule.

The measures of control will normally include embargoes on low priority shipments, conservation and diversion of traffic to other means less taxed, re-routing, control of rates, etc.

Means immediately available would include the Interstate Commerce Commission, Association of American Railways, American Trucking Association, National Association of Motor Bus Operators, Air Transport Association of America, and the National Petroleum Association.

War Finance - During the transition from a peace to war status and prior to the organization and functioning of the War Finance Control Commission there is no satisfactory method by which the war finance annex can be made effective under the Army and Navy Munitions Board, as is the case for several of the other industrial control plans. Enabling legislation will be required to make financial controls effective regardless of by whom administered.

During the period of strained relations the SEC might assist by deferring approval of any security issues obviously not essential

Although the Army and Navy Munitions Board will not exercise any financial control, it is charged with certain functions, such as to formulate and keep-up-to-date such pertinent plans and policies as in the opinion of the War and Navy Departments should be adopted by the Federal

Government for coordinating and controlling a national industrial effort in an emergency.

In this connection it might be well to state that there are many reasons why the AFCC should not be established at all. The SEC and RFC are at present conducting their peace-time operations without administrative supervision. Their normal functions are similar in nature to the functions they will be called upon to perform in war. All that is needed is the necessary enabling legislation.

It should also be borne in mind that the Federal Reserve Banks are now authorized to make direct loans to industry, as well as the RFC. In addition, a number of new dead government corporations, such as the FIA, the HOLC, Farm Loan Banks, etc., must be fitted into the war-time picture.

Power and Fuel - Our objective in any control of power and fuel during the transition period is for the purpose of insuring an adequate supply to facilities essential to war production with a minimum of interference with normal production, distribution and use by the civil population.

During the transition period requests will be made to the Federal Power Commission to order such interconnections and exchanges as are deemed necessary to meet any shortages that may be imminent.

Contact with the power industry, normally to be established and maintained through field agencies, does not propose to discount the value of war service committees in contacting the power industry; however, the establishment of any echelons not essential to the functioning of a power plan causes delay and confusion and restricts flexibility.

In regard to fuel, it is assumed that such of the records and

personnel as needed from other governmental agencies dealing with fuel will be made available. Chief among these are

The National Bituminous Coal Commission,

The Petroleum Conservation Division, Department of the Interior, and the

Bureau of Mines.

Others are

Federal Tender Board No 1,

Federal Petroleum Agency No 1,

Division of Economic Research, Department of Commerce,

Interest to Oil Compact Commission (non-Federal),

Naval Petroleum Reserves, U. S. Navy,

Petroleum Commission, and

Army and Navy Munitions Board.

Thus it is apparent that peace planning should include contact with the agencies noted above and cooperation definitely understood for war control in an emergency and prior to the establishment of any superagency, other than the WRA.

War Trade. - Prior to the declaration of war or the enactment of enabling legislation, our Government may want to take steps, perhaps secretly, to improve its economic as well as its political position with neutrals, or to prevent the prospective enemy taking steps which would prove detrimental to the United States in war. During this period the Army and Navy Munitions Board would contact other governmental agencies and the leaders of industry and commerce.

It should be assumed that the Joint Board has prepared the Diplomatic and Economic Annex to the Color War Plan to be used.

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Among the agencies whose facilities will be essential to the ANMB, and who should be contacted in the early stages of any emergency, are:

State Department

Division of Trade Agreements
Office of Arms and Munitions Control

Department of Commerce.

Bureau of Foreign and Domestic Commerce
Bureau of Marine Inspection and Navigation.

Treasury Department

Bureau of Customs.

Other Agencies and Committees

U. S. Maritime Commission
Trade Agreements Committee
Committee on Reciprocity Information
Executive Committee for the Coordination of
Commercial Policy.
Federal Trade Commission
Foreign Trade Zone Board
Tariff Commission
Reconstruction Finance Commission.
Export - Import Bank.
Commodity Credit Corporation

Considering the above list it should be apparent that our efforts, in order to secure the maximum effectiveness and coordination in the desired direction, should be under one responsible head. Until a War Trade Administrator is appointed and the necessary enabling legislation enacted, the ANMB should be the means to contact the proper agencies in order to carry out its prepared plans or those of the Joint Board

Price Control - It is not believed that the ANMB can be employed advantageously as a transition agency for the stabilization of prices at the outbreak of war. The initiation of such a non-military function as price control might be resented by the public. When war is imminent the

Board should confine its activities to the preparation, in cooperation with existing governmental agencies and non-governmental organizations, of recommendations for the initiation by other agencies of all price control measures permissible under the law or practicable of accomplishment, through cooperation.

Therefore our peace-time planning, for regulation of prices in war, should undertake only a study of the problems of price control itself, and to propose an organization capable of initiating control in whatever manner circumstances dictate as advisable. Price regulation cannot be initiated until it is authorized by Congress, and such proposed legislation forms a part of the plans prepared for the superagency. In the transition period the ANIB should take steps through our existing publicity agencies to crystallize public sentiment against rising prices, hoarding, speculation and waste, and in favor of maximum production and conservation.

War Labor - The measures to be taken at the beginning of any emergency should provide for the employment of our man power as an integral part of our mobilization of economic resources, the safeguarding of the rights of workers and citizens. These plans have to be put into operation through such existing agencies as the Department of Labor, Labor Unions, Trade Associations, etc , until the necessary enabling legislation is enacted.

I feel that the War Labor Administration and the Selective Service Administration should be created early in any emergency, since coordination of their functions through the WRA is essential from the beginning.

Summary. - This brief discussion of some of the problems should emphasize the necessity for the creation of the War Resources Administration at the earliest possible date. With no single head for our peace-

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time boards, the only solution that will give the necessary prompt executive action so essential in an emergency is the prompt appointment of a War Resources Administrator with delegated Presidential powers. Then coordination can be obtained quickly, either by voluntary action or order, and our prepared plans carried out as intended.

Now, let us consider the nature of the organization required during the critical transition period.

Action must be prompt, definite and impartial. In war there can be no compromise.

It is assumed that the war effort will be popular and have the patriotic support of the Congress and the people.

The needs of the people must be kept in mind and careful thought devoted to the realization of the fact that action detrimental to post war readjustment should be avoided whenever possible.

The ANRB setup diffuses responsibility, is fitted for deliberating over policies but not fitted for directing operations, since it acts slowly. I feel that a single executive head, with delegated Presidential powers, is a proper setup and that the appointment of a War Resources Administrator seems to be indicated for the transition period, thereby providing an executive head for the Army and Navy Munitions Board on 1-day or even before.

The Council of National Defense could not be used as a substitute. It lacks the executive authority to operate.

It is believed that this council furnishes a most valuable organ for the formulation of broad advisory and coordinating policies and that it should be limited to these duties. When secrecy is required it might

perform a very useful purpose in early preparations and coordination, as its activities would be unnoticed.

Let us now consider the superagencies that will be formed.

I believe that the full superagency organization provided for in the 1936 Industrial Mobilization Plan is entirely adequate to cover any industrial effort in a major emergency. However, legislation and considerable time may be required to start some of them functioning effectively.

Obviously the full superagency setup will not be realized during the first two phases, and probably not until the end of the third phase of the transition period.

It is believed that a WRA, in cooperation with existing governmental departments and independent agencies, during the second and third phases, should endeavor to cover all problems that normally would be handled under full superagency operation. It is my opinion that the organization of the WRA should take place at the end of the period of secrecy and be considered with the invocation of Section 120, National Defense Act by the President.

The organization of this body is authorized in an emergency without enabling legislation. The confidential selection of the administrator should be accomplished during the period of secrecy. This would afford him opportunity to contact leaders of industry and make tentative selections of key personnel and it would also provide a much needed Executive head for the ANTB.

The ANTB is the nearest thing to a superagency that exists or is contemplated for peace-time operations. It appears to be the logical agency to furnish the nucleus of an organization for the controls required

during the transition period. Among the factors which particularly fit this Board for the suggested role, are its organization in general parallels that of the OASW and WRA, it already has and is conversant with the records and plans for the WRA and the other superagencies that may be set up, and it has a nucleus of personnel familiar with the problems to be solved and who can guide the key civilian heads in the early stages of the emergency along the lines desired.

On the other side, the Board has some distinct disadvantages: it has no legal status and is entirely dependent upon voluntary cooperation and agreement between the two services, has no definite head capable of and authorized to make prompt, definite and impartial decisions, questions upon which decisions are not readily reached are deferred, pending further consideration. This results in delays, which while of slight harm in peace time, would have dangerous possibilities in war time.

However, an attempt to provide a single head for this Board in peace time is not feasible and would result in undoing much of the beneficial work already done, and would also result in preventing the very valuable work which can be logically expected of it in the future.

After careful consideration of all factors, the suggested solution for the Transition phase appears to be the immediate appointment of a War Resources Administrator to head the ANWB and the early setting up of the WRA around a nucleus of personnel from the OASW and the ANWB.