

277

December 13 War Plans Division, WDGS, by Lt Col Walton  
H. Walker,\*GSC.

The functions of the Office of the Chief of  
Staff; by Maj S R Mickelson, GSC

These lectures are not available

\* Discussion follows

53

DISCUSSION  
following lecture by  
Lt. Colonel Walton H. Walker, G.S.C.  
on  
War Plans Division, W.D.G.S.

Q. The other day I tried to run down the procurement of three incendiary aircraft guns and I found in your equipment section and the G-4 supply division that neither had the sum total of guns required on this present procurement program. What is your relationship with G-4 in determining the total quantity to be procured and the types to be procured.

A. Well, we collaborate. War Plans collaborates with G-4 in all items of equipment to be used in the theater of operations. The requirement as to numbers is set up by War Plans Division. It is then left to G-4. However, we have a concurrent interest with G-4 in the types and characteristics.

Q. Is that actually cleared through you in each case?

A. It comes to us for concurrence, yes.

Colonel Borden Colonel Walker will wait until the end of the session so that he may answer any questions that develop between now and then.

-----

There was no discussion following Major S. R. Lichelson's talk on "The Functions of the Office of the Chief of Staff" and no general questions at the end of the session.

Colonel Miles I just want to thank these gentlemen for appearing here this morning and presenting these matters in such an admirable form.

231

needed they stand in reserve and become obsolete. The expense of maintaining them is great and unless they are maintained the chances are they will not be usable when you want them after a long period of peace. It seems to me that our better approach, with those few exceptions, where there is a critical situation involved, would be to depend on private industry which always keeps itself reasonably up to date with respect to equipment; depend on that industry to convert itself to war purposes, and to keep our plans perfected and right up to date as far as possible. I think that probably during the last war we went too far in creating some of our munitions ordnance plants. They have been idle ever since. Some of them have rented out facilities to private firms because they had no use for the buildings and those facilities are totally unusable or incapable of being used now for the purpose for which they were built because we were unable to keep them up to date during this long period of peace.

Colonel Miles: Any more questions? Any questions by the Faculty?

Colonel Borden: Colonel, would you tell us in more detail about this new division that is following the foreign orders; just what it is doing?

A. Yes, that is quite an interesting development that illustrates how flexible our plans have to be. These inquiries from foreign countries for munitions to be produced in this country were dribbling in at a slow rate prior to August. Then all of a sudden they became overwhelming, especially after September when war was declared. They had been handled in an informal way preceding that, but the job got so large it couldn't be handled that way. The question came up, "What are we going to do about it?" We had to give these people an answer and what sort of an organization should be set up for it. There was nothing immediately in the Army and Navy Munitions Board

that looked suitable but we remembered that during the World War the War Industries Board had an allied purchasing commission connected with it. In its early days it had a clearance committee set up in it to clear domestic orders and keep them from getting in each others way. Well, the logical development from that thought was that the Army-Navy Munitions Board is in a position to do some of this work, so we picked out some men, a couple of men from the Board and set them up as a clearance committee to make these contacts. We have contact men in each of the supply branches that are interested and the inquiries that are made by foreign countries for these materials come to this committee. The Navy is, of course, very much interested in it.

It is working very nicely so the result is these fellows get an immediate answer as to the possibility of getting the materials they need and whether it is possible to use our designs for equipment for their particular use and so on. You see the advantage of having it work out that way is that we can direct those inquiries to allocated firms that we would like to have get experience in the manufacture of this equipment, so it works directly in with our plans in the way of an Educational Order, you might say. Any of this business being placed, especially if it is for our own design of equipment is adding very materially to the resources in this country for production in the event we need that production ourselves. Does that answer what you had in mind?

Q. Perfectly. Right along that line supposing a plant was allocated up to 250 points for our Army and Navy wartime orders and a foreign government should name that facility as a preferred source and want very much to place an order with that concern. Would we, under our present policy, approve that?

A. Well, that raises a very nice question. It has largely to do with the political situation. My own way of looking at it, and I don't know whether everyone would look at it the same way, is that those people over there we are furnishing materials to are really fighting the war we may have to fight here in the course of the next few years if we get in it, and that the best thing we can do with our manufacturing facilities is to make available to them the resources that they need. If I had the decision, I'd be willing to go to the point of sacrificing some of our own actual production if necessary to help them out; not alone simply reserve capacity, for after all if we are not using the reserve capacity there is no particular point in keeping it for possible emergency. If we have current orders in there that are required for our own rearmament program why then the situation is different. I'd even go to the extent of possibly favoring them under actual production to give them some of the things they need because I feel they are fighting the same battle we may be fighting in the course of a few years.

Now that is not an orthodox way of looking at it but I think probably in the long run it would be better for us if we looked at it that way than if we tried to lean over backward a little too far in getting our own equipment in there or getting a complete supply of our own equipment.

Q. I'd like to ask if any inquiries have been received from Germany to purchase munitions in this country?

A. (Off record)

Q. I read an article in the Times-Herald last night to the effect that a member of Congress has proposed that the Government sell to Finland 10,000 Garand rifles at the nominal price of \$1.00 each for the purpose of experiment

and test. Have you had a reaction from that?

A. I saw it myself, but thought that it is probably one of those bills you never hear any more about. We need those ourselves too much.

Q. I don't seem to quite understand how these foreign orders come into your hands. Are they sent to you by the State Department under the administration of the neutrality act?

A. That is right. What usually happens is that the mission comes over and comes to the embassy of the country concerned. They send them immediately over to the State Department. Through a working arrangement we have had for a long time, the State Department immediately sends them down to the War Department and they are duly accredited and they see what is wanted and after considerable discussion back and forth the thing is coordinated and the country knows what it can look for. It is done through the State Department first of all.

Q. Is there any cooperation between the State Department and the Navy Department on these matters?

A. Absolutely. This committee I speak of <sup>is from</sup> the Army-Navy Munitions Board, and the Navy has equal control.

Q. Does it operate under the State Department?

A. The Army-Navy Munitions Board Committee was set up by the President and approved by the President away back in July, and of course the Army-Navy Munitions Board reports directly to the President. This was a sub-committee of the Army-Navy Munitions Board that was approved by the President to handle this particular situation and the inquiries come through regular channels down through this Board and presumably this Board is handling it as directed by the President.

Q. Does this Board consider munitions, manufactured items and raw materials as well? I gathered that they did.

A. Well no -- the general materials that are not in the nature of specific munitions are not handled. We feel that is not our line, and that they ought to make their contacts with some other source, directly with the vendors of those articles. We are keeping ourselves within our own field but where we can give them a little assistance or a suggestion of course we are trying to do it. On the whole we keep ourselves entirely within the munitions field.

Q. Has there been any plan made for<sup>a</sup>/procurement set-up in foreign countries in the event we would get into some difficulty with another power?

A. No, nothing has been done on that to any degree of definiteness. There will be raw materials coming from abroad that will be handled by our foreign trade set-up that we have under the Army-Navy Munitions Board or the War Resources Administration, but on the whole we depend on our own resources and endeavor to provide within our own domestic boundaries what we need to carry on.

Q. A further question along that line. Is there any particular reason that the Planning Branch is limited to domestic resources?

A. We have to be sure of what we can get and we can't be sure of anything from abroad. That is why we are bringing in strategic material. It is very possible that the sea lanes to the Dutch East Indies might be closed and we couldn't get rubber, so we put rubber in our stock pile. On the other hand it is entirely reasonable to think that those sea lanes may be kept open for a long period of time. We still have our stock pile, but the uncertainty as to the sea lanes makes it necessary that we provide within

736

our own boundaries here the materials we are going to need. There is a chance that those resources may not be available and we must make provision to meet that particular situation.

Q. Since we have changed this conference into a foreign order conference there is a question we would like to ask with reference to contract. Can you, or will you, tell us whether procurement plans are being made in America under fixed price contract or cost-plus contracts. Before you answer that, I'd like to ask one that will give a chance to get away from foreign orders. In connection with Educational Orders are we taking such steps in connection with asserted cost of manufacture or establishing cost accounting systems that we can procure on a fixed price contract when we actually have to procure it from these people who are getting Educational Orders?

A. Well, your first question; I don't know what they are doing on that. We have kept ourselves clear of any direct relation between the purchasers of these materials and the vendors of them. That is something that is their private business and they do that whichever way they can do it best.

In regard to the question of fixing prices on our war contracts, we are making studies of costs all the time, of course, but we believe our new forms of contract are sufficiently flexible to permit us to get a fair cost determination in setting up those contracts. Generally we use a fixed price contract wherever possible. If you can come to an agreement with the manufacturer on a fixed price, well and good, but there will be situations where you cannot settle on a fixed price. There are several ways by which you can do it. Probably the most flexible way is -- if you have an order for 50,000 of the item, put in a pilot order for 2,000. Keep accurate account of the cost

207

through cost accounting methods for manufacturing that particular lot.

That is the basis for a further and larger order. It may be that you get sufficient data to enable you to arrive at a fixed price for the whole 50,000. Maybe you will have to have a second pilot contract for 10,000, but certainly by that time you ought to have an idea of what the cost is. Does that answer your question?

Q. The thought had occurred to me that the Educational Order could be used as a pilot contract. That is, I understand Educational Orders are given in peace time --

A. That is right.

Q. If the correct steps were taken to keep track of costs, it seems to me that we would have a point established in peace time so we can immediately step into a fixed price contract when we start procurement from these people who received Educational Orders. That was the point of my question; whether we are actually taking those steps now in connection with Educational Orders.

A. One of the requirements of Educational Orders is that an estimate be made of the cost of producing the item under that method by which they have worked out their production plan. I don't think those estimates are going to be particularly useful. Under an Educational Order you make a very few of the item and the rest is a study of the equipment, of how you would re-arrange the plant in order to get into production orders. That is all paper work and it is based largely on estimates. Of course they are of some use but as we get into quantity production costs go down and the greater the quantity the lower the cost. I think if the Government tied itself up to a fixed cost in that way/<sup>it</sup>would get the small end of the deal before they got through. There are better ways of finding costs than through Educational Orders.

23

Q. My question is partly curiosity and partly     . It is my impression that the American Army, except for the time at the close of the first World War, was practically ignorant of the military secrets of the other armies. It also appears we are in a good horse-trading relationship with other countries right now. Has anything been done to find out any of the secrets these people have, for example the British, that might be of value to us?

A. That is one reason why we headed this thing all up under the Army-Navy Munitions Board; so we would know what orders are being placed in this country and what they are for. We are getting all the information that is available from that source. As a matter of fact I don't think they have discovered anything particularly startling so far.

Q. Personnel seems to be most important in carrying <sup>out</sup> any plan right now. Right now these officers are handling dual assignments by being on the Army-Navy Munitions Board. In time of war would they be moved up into the Munitions Board only or would they continue to have dual functions?

A. The Munitions Board would be so busy it would take their full time. I think what would happen would be that the best men, the older men, more experienced men, would go to the Munitions Board but their understudies would continue to carry on in the O.A.S.W. As I visualize it, and as I indicated in the former part of my talk, there will be a great many questions that will mean adaptation of our plan to new conditions or conditions we have not visualized. You must have someone in the Munitions Board that will make the decisions that are necessary. There will be a great many questions, say between the Army and Navy, as to priority when the strategic situation becomes clear. Say that now we divide a Martin Plant for aircraft fifty-fifty between the Army and Navy. It may be the strategic situation will require the Navy to have all of

237

it or the Army to have all of it. That decision has to be made promptly and the Army-Navy Munitions Board would be the one to make it. You can't carry any decision to non-military people to make because they don't know all the facts and they ought not be asked to decide on questions that are military in character. In time of an emergency the Army-Navy Munitions Board would have to have the best personnel on both sides of the Army and Navy and be ready to give those decisions. Now they could draw from the Planning Branch, and from the Navy and get a real working organization. It is quite evident, of course, that probably the most important decisions would be made in the Army-Navy Munitions Board so that the senior men would go to that Board and the second line of men, the understudies, would continue to carry on in the Planning Branch. I don't think they would perform any dual functions because they would all be busy and it would take their full time.

Q. Does the Planning Branch anticipate any interference in allocating and in procurement planning, especially in key facilities, due to a long term Army or Navy peacetime orders? What I have in mind is that Bethlehem Steel took the entire bomb contract for the last year and I understand that will necessitate considerable activity in the shell shop until at least July, 1941, but she has not allocated any bomb bodies for wartime manufacture and I understand the entire facilities of that job are allocated to the Army and Navy. If war started next July what are you going to do, throw those bombs out?

A. The policy established by the Army-Navy Munitions Board a little while ago, a year or more ago, was that any current orders in an allocated plant on M-Day would normally be carried to completion. That, of course, is entirely logical. If the item is needed and the plant is set up and going, the economic<sup>al</sup> thing is to complete the order. That may upset the allocation that has been made for

that particular plant and I think there will be cases where the allocations we are setting up in peacetime will not be particularly applicable and will have to be changed. That is why I say the Army-Navy Munitions Board has got to be made strong and active immediately on M-Day so it can decide such questions such as that. We must realize that our allocations are the best solution that we can foresee at the present time but not necessarily the final solution. We must adjust ourselves to the situation, the strategic situation that develops on M-Day and it won't be until M-Day, or very much before that day, that we can see what those situations are and adjust ourselves to them.

Q. (Colonel Johnson) Major Huff is just being polite to you. He wants to know why we can't change them now.

A. That is something for the Ordnance Department; they have the responsibility for that.

Q. What I had in mind is that this is the biggest bomb order that has ever been placed. A lot of new bidders came in on this order last year and I realize that legally it couldn't be done, but that order could have been divided nicely between four or five different plants as we had a lot of facilities for that. What I also had in mind is that it is my understanding that there are key facilities -- there are certain plants that can make certain items -- they are the only facilities you have and your requirements are much greater as those plants are the only ones that can make the item. The steel facility may be tied up with peacetime orders and that would delay us a month or two, Could you actually shift those contracts? Is there any provision under which they could be shifted?

A. By this peacetime, this less essential business, do you mean commercial business

or for the Services?

Q. I mean essential wartime -- War Department and Navy business. For instance, take this particular bomb contract. If you were authorized to have them negotiate with other firms to fill the order, place orders with other plants, and within two or three months be getting bombs as fast as you could load them, and thereby you could take over the facility of Bethlehem for what you want to use it for.

A. I don't know what the answer to that situation would be and you can't find the answer until M-Day comes pretty close to us and you could determine whether you needed bombs first or this other material. Now it might be that they would have to curtail part of the order for bombs to let something else in that no one else could produce. On the other hand, bombs might be the most important thing on the list and you then let them complete their job. In peacetime we can't fix priorities between items. If it is a land war that is one thing, if a Navy war, that is something else. If airplanes are coming against us maybe we will need bombs and maybe we will not. What I am primarily interested in is getting the setup in such a position that we can make those decisions promptly, based on this strategic situation that may arise. We all realize that changes in our allocations will have to be made and changes in all of our plans will have to be made. Now just what the particular solution to that case is I don't believe anyone can say until M-Day is pretty close to us and we know whether bombs are <sup>on</sup> a higher priority on our list than forgings, or aircraft guns, or something else.

Q. Well, say there was a peacetime contract, could that contract just be cancelled when war started?

A. If it is written in his contract.

Q. No, it is not written in.

24

A. Of course if it is private business under Section 120 you could do that.

If it is Government business someone has to reach a decision as to whether the item under current manufacture is more important than something you want to put into the plant. If the Government thinks it worthwhile to cancel the contract and pay them all the damages that would result from cancelling it, they can do that.

Q. It would probably take considerable negotiation and time to shift it around, wouldn't it?

A. Well, we hope our plans are going to be complete and are trying to anticipate these conditions as much as possible so there will be a minimum of that.

In spite of everything we are going to be able to do in peacetime, we will have many situations such as you refer to. We must get our organization ready to handle those things as they come up..

Colonel Miles: Subject to the remarks made by Colonel Rutherford, you know very well what you would do if you had to do it; you'd go ahead and do it and say, "Let the chips fly where they will".

Now we have two other speakers and we do not want to keep Colonel Rutherford too long, willing as he is to answer our questions. Are there any other questions?

Q. In connection with a study I am making I would like to know whether any of the personnel of the Army-Navy Munitions Board will go to the Administration?

A. War Resources Administration?

Q. Yes, do you consider there are any problems in connection with personnel for those two set-ups?

A. Only enough personnel will go up to the War Resources Administration to assist

them in getting organized. We know what our plan is here. We had our War Resources Board study it and they approved it. As a matter of fact, the report of that Board couldn't have been any more approving of the scheme that we have worked out, if I had written it myself. My thought is that enough men will go from the Army-Navy Munitions Board to War Resources Board to get them to feeling a little bit at home and help them get organized and moving along. Help them to become familiar with the plan as far as possible, if they aren't already familiar with it because of their peacetime activities. After all a military man's job is something that pertains to the military. He has been trained for that and it would help as far as getting this thing moving along smoothly up there, but I think there would be more real problems to be solved in the Army-Navy Munitions Board in the early stages of an emergency than there will be in the War Resources Administration. Our accent ought to be on the work of the Army-Navy Munitions Board in that early period and I think that is where the men should stay.

Q. Some of those men, as you said, are coming from the Planning Branch. Do you anticipate any difficulty in procuring the right type of personnel for the Army-Navy Munitions Board?

A. That is a problem we have been giving a lot of thought to. It is a difficult problem. The more men that come up through the ranks of industrial mobilization, the easier it is going to be. We have a list of men with their mobilization assignment in the Planning Branch, which increases it materially, and many of those men have gained experience through the Industrial College, and the Districts and Planning Branch, and all that. So we have a list to draw on that relieves our situation considerably from what it was a few years ago.

Colonel Miles: Any questions from our visitors? From the Faculty:

2 1/2 1/2

Colonel Lewis: Colonel, I'd like to question the soundness of the whole mobilization plan we have now. It strikes me that our whole mobilization scheme of man-power and materiel is based on using the British Navy and French Army as our first line of defense. The events of the recent war indicate that the time of the non-professional citizen soldier is past. Our whole scheme accepts a lag of from six months to a year before we can do much of anything but be on the defensive. I'd like your reaction to that.

A. Well, you put me in the position of a Marshal Foch, or someone at Congress making our national defense policy. I don't know that I am qualified to comment on that. That is a little too broad for me to answer there, Lewis, but I don't believe the people in this country would stand for what you are apparently advocating. You want a bigger Army and want it ready to go. I don't know whether any forces could be brought against us other than a Naval force and airplane raiding, that could possibly be more than something like 200,000 men, and when you think of an expeditionary force of 200,000 men it is some proposition. Now the Army that we have at the present time could certainly handle any 200,000 men that could land anywhere around this part of the world. That is only a small part of the situation, so I don't know that I go along with your argument that we ought to have a big standing army ready to go immediately. I don't believe the people in the country would stand for it.

Q. I'd like to complete a question asked before. There have been announcements by the Army and the State Department about accepting the responsibility of a hemisphered defense. In view of that, if we do accept the responsibility for a hemisphered defense would it be so far reached as to encourage having munitions in this country for the armament of some of our Latin-American states?

A. I haven't heard anything that would indicate that that would be the case. Our

245

manufacturers are not interested in the munitions industry. They will work with us because the Government asks them, but they are not interested in making munitions.

Q. More money in something else?

A. If a good sized order comes in that looks like a chance of making some money probably they would think about it, but they are definitely not seeking munitions orders and it is being found quite difficult to get them interested in them. I don't think there is much chance of our developing munitions industries similar to Vickers or Krupp, or any like that.

Colonel Lewis: I notice that General Menu in France uses the term "Successive Approximation." That describes the thought you have left with us.

A. I am glad that the General agrees with me.