

● PSF

C.F. National Resources Planning Board

EXECUTIVE OFFICE OF THE PRESIDENT
NATIONAL RESOURCES PLANNING BOARD
WASHINGTON, D. C.

March 15, 1943

C.F.

RECEIVED

LF
National Resources Planning Bd.

file
3-17-43

MEMORANDUM for The President:

Attached hereto are two sets of maps and one tabulation showing the total expansion of war manufacturing facilities. The first set of maps shows over-all expansion by type of financing as of October 1, 1942; and the tabulation presents the detailed record on location of the plant, type of product, operating company, type of contract, and estimated cost. The second set of maps shows as of July 1, 1942, the location of these war production facilities by type of war industry.

It will interest you to note that the total investment in these new war production facilities (including cost of the land, buildings, and equipment) amounted to about \$17 billions at the end of 1942. Of this total, about \$14½ billions was by Government financing and about \$2½ billions by private financing under the liberal wartime amortization provisions. You will understand, of course, that these represent manufacturing facilities only and therefore do not include the vast expenditures for Army and Navy camps and barracks and depots, training establishments, housing developments, transportation facilities, community facilities, power production, and other training and servicing facilities.

Our staff estimates that these new manufacturing facilities for war production represent roughly a 40 percent increment to the nation's manufacturing plant, although the degree of convertibility of these facilities to peacetime production will vary widely among the war

x172
x48

industries. Some of these facilities turn out the same product whether for war or peace (e.g., iron and steel works); others will be convertible without undue difficulty (e.g., many machinery and chemical plants); others would be readily convertible from an engineering standpoint but sharply limited in convertibility because of lack of peacetime demand for the product at all commensurate with the capacity of the industry (e.g., aircraft plants); and still others will have little or no convertibility because of both engineering and market limitations (e.g., explosives and bagloading plants). In all likelihood, the Army and the Navy will wish to retain certain facilities as a standby reserve.

The privately financed expansion of about \$2½ billions represents roughly the same rate of investment expansion that, on the basis of past trends, could be expected in peacetime.

At the end of the war the nation will be confronted with serious problems of national policy in the disposition and conversion of these war production facilities. In some of the industries questions of national defense will be of paramount importance. While we anticipate a jural order of the world from which armed national aggression will be effectively banned, nevertheless it is scarcely conceivable that the nation could acquiesce in any such concentration of the aircraft industry in vulnerable seacoast locations as was true of this industry at the outbreak of the war. Likewise, there will be a national interest in seeing to it that there is a fair distribution of the shipbuilding industry on the three coasts. Again, the national interest will be deeply

concerned in the decisions to be reached as to which of the aluminum and magnesium plants are to continue in operation. Certain of the locations, particularly for aluminum, have had to be chosen merely because of the availability of surplus electric power and without reference to cost factors. It is to be assumed also that national policy will be concerned over monopoly controls and over the concentration of ownership in certain of these industries which under the exigencies of war could not be avoided.

All of these questions typify the policy problems on which our staff, under the direction of Ralph J. Watkins and Glenn E. McLaughlin, is now engaged in working out constructive proposals cooperatively with competent technicians from the Federal agencies involved, including the Army, the Navy, the Defense Plant Corporation, and the Maritime Commission. Pursuant to our conversation with you on Thursday, March 11, we are proceeding from these preliminary conferences to establishment of a working committee.

Charles E. Merriam

Charles E. Merriam
Acting Chairman

x1092

Attachments