

PSF War Resources Board

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PSF
War Resources Bd.

REPORT OF THE
WAR RESOURCES BOARD

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Report of the
WAR RESOURCES BOARD

The Honorable Louis Johnson)
The Honorable Charles Edison) Joint Chairmen, Army and Navy
Munitions Board.

In appointing the War Resources Board on August 9, 1939, you requested that we review the Industrial Mobilization Plan prepared by the Army and Navy Munitions Board and also advise on policies pertaining to the mobilization of the economic resources of the country in the event of a war involving the United States. In meeting your request, we have given careful study primarily to the organizational and administrative problems involved.

The Board has proceeded as follows:

1. The Industrial Mobilization Plan has been studied individually by all Board members and has been discussed at Board meetings.
2. We have held a series of conferences with men who played a leading part in industrial mobilization during the World War; all of these men have given abundantly of their time and some of them have prepared memoranda embodying their views.
3. We have analyzed the records and history of the War Industries Board, 1917-1919, and have studied the pertinent material bearing upon the problem of industrial mobilization; we have considered the reports of the Congressional hearings with regard to war policies.
4. We have obtained such data as are available concerning industrial mobilization plans of countries now at war.

While we have been devoting major attention to the organizational and administrative problems arising in the event of war, we recognize

that the plans made in advance to meet a wartime situation of an unknown character must retain a great degree of flexibility. Obviously, final plans for war will depend in a large measure on the character of the war and the extent of the preparation for defense and national preparedness.

The responsibility for carrying out the peacetime preparedness plan rests primarily upon the War and Navy Departments, which plan in turn depends upon the policy of the government and the appropriations granted.

The problem of preparing for any possible war involving the United States is of a different type. Chronologically, this problem may be viewed as being divided into three stages:

1. The "Paper" planning stage.
In the peacetime functioning of the Army and Navy, a number of these plans are drawn.
2. The transition period when war appears imminent.
In this stage, the previously made paper plans should be brought down to reality by the men who are to be asked to execute any final program.
3. War.
At this stage, the problem becomes one of completing and putting into action a definitive program.

PRINCIPLES AND OBJECTIVES OF INDUSTRIAL MOBILIZATION

As a background for the analysis of a plan of administering war powers, it seems desirable to emphasize a series of principles which are demonstrated in good business practice and are supported by the experience of the World War. Any effective plan for the mobilization of American Industry should be based upon these considerations.

1. A modern war of major proportions necessitates a vast diversion of economic activities almost impossible to foresee as to its character or extent but demanding an effective organization to reduce the shock of war and to convert the energies of the country to the war purposes.

2. The successful prosecution of a major war requires
 - (a) the stimulation and coordination of production of supplies and equipment needed by the armed services, so as to provide an adequate quantity of proper quality, at the right place, at the right time and at the right price;
 - (b) the production and distribution of commodities required to meet the essential needs of the civilian population;
 - (c) the control of American resources so as to make them available for American needs and so as to deny an enemy the means for meeting its needs.

3. The essence of war is time and action. Accordingly, every wartime agency or department should be organized for quick decision. Adequate powers must be given to experienced

executives having the confidence of industry; they should be charged with the responsibility of performance.

4. Final responsibility for policies and for the coordination of the war program must be vested in the President. We would urge that the number of emergency agencies reporting directly to the President be kept at a minimum so as to simplify the President's task and to remove administrative bottlenecks.

5. To avoid confusion and a scattering of effort, no unnecessary wartime organizations should be created. Each organization which is established should be directed toward the execution of a specific objective.

6. Our experience convinces us that the organization of wartime agencies should be conceived not alone in terms of functions or of organization charts, but - still more important - in terms of the men able to make agencies work. The problem of executive personnel is obviously of major importance in the operation of any plan. Not only must senior executives have won the confidence of their associates but they must be good teamworkers. No other kind should be chosen. American industry is one of the machines upon which success or failure in war must depend and its effectiveness will depend in large measure on the choice of personnel in wartime agencies.

7. The efficient conduct of war may require the temporary abandonment of some peacetime objectives of government as well

as of individuals and private enterprise. The laying on the table of controversial questions of public policy is as essential as is unity of action among the different divisions of the armed service, or cooperation between agriculture and industry and labor in the fields of production. There should be set up an adequate organization for the specific purpose of winning a war and effecting transitions first from peacetime activity to wartime activity and, at the conclusion of a war, back to peacetime economic life.

War, with its concentration of energies on a single objective, places a heavy burden on the people. War means sacrifice to the nation as a whole. In this sacrifice all should participate, not only those called to the colors, but those behind the lines as well. No group in the body politic should hope to achieve in time of war a position which it has not been able to obtain under peace conditions. There should be no seeking for special advantage on the part of any group.

8. A war program to be effectively carried out requires the creation of special war agencies. This has been found true in our own war experience and in that of other democratic nations. Duplication of effort should be avoided. Agencies exercising war powers should utilize as fully as possible all

existing departments and should restrict their normal peacetime activities only when they interfere with the prime consideration - winning the war - and only to the extent needed for this. As the new element in modern war is the marshalling of the industrial strength of the country, the important question is how can this marshalling be made most effective in a democracy.

9. Effective prosecution of a war will involve all elements in the population. All activities should be directed toward the single objective of the nation - winning the war.

It is not enough to secure the support of industry alone. It is also necessary to obtain the support of agriculture, transportation, and labor and capital, and to control foreign trade, prices, credit, and tax policies toward the single end.

War brings into being powers beyond those existing in a democratic government in peacetime. These powers rest in the President. Their administration could be handled in either of two ways:

1. Through the creation of a superagency which would have under its direction a number of agencies, each handling individual powers, the coordination of their activities to be effected through the superagency which would thus have almost complete control of the economic life of the nation, or
2. Through the creation of a limited number of agencies, each exercising a delegated war power, but with provision for their coordination among themselves, leaving to the President the problem of decision only when they do not agree.

With mobilization of industry as the objective, choice between centralization of control and coordination of separate controls should be made only on the basis of which method will work best.

It is our considered judgment that coordination offers the only effective means of converting American industry to the purposes of a war. American business men, like all Americans, are accustomed to democratic procedures. More effectiveness can be obtained through voluntary cooperation than through force.

We recommend that wartime powers be vested in specially-created wartime agencies which will be automatically demobilized when war is over. Should wartime powers be granted to existing executive or quasi-judicial agencies of the government, it will be next to impossible at the end of the war to separate the wartime from the peacetime functions of the government.

We therefore do not recommend centralization of power in a new superagency or the delegation of power to existing peacetime agencies.

The recommended method will provide coordination not only among especially created wartime agencies but also with existing government agencies. The advantages are:

1. The problem of transition from normal peacetime procedures to the requirements of war is simplified. Even after the declaration of war, normal peacetime procedures should be followed so far as possible and departures should be made only as requirements indicate.

2. The problem of demobilization at the end of war is similarly facilitated since the emergency agencies automatically disband.
 3. By relying upon coordination of separate agencies it will be possible to use the existing organization of both industry and government.
 4. Personnel to supervise wartime agencies can be obtained from men in civil life whose experience and records will inspire confidence and cooperation.
10. Effective industrial mobilization involves:
- a. Adjusting industrial production to meet the material requirements of the Army and Navy.
 - b. Providing production to meet essential civilian requirements.
 - c. Correlating the transportation, power and fuel industries with all requirements of industry and consumers.
 - d. Correlating labor with the national objective.
 - e. Controlling foreign trade to conform with the objectives of industrial mobilization.
 - f. Controlling prices of important commodities in accordance with policies consistent with the wartime financing program of the Federal government.
 - g. Coordinating a "War Resources Administration" with other governmental agencies, both wartime and peacetime bodies.

In order to achieve the necessary degree of coordination of industry and government, it is essential that the wartime agencies and their administrators have requisite power, though the efficient coordinator will rarely use this power but will rely on voluntary cooperation. The power and authority of the wartime agencies should be defined as accurately as possible and should be covered by appropriate statutes or executive orders so as to avoid conflict and overlapping of authority.

To insure maximum effectiveness there should be a direct flow of authority from the President through the wartime agencies or administrators to the executives charged with performance.

SUMMARY OF WAR POWERS AND RECOMMENDATIONS FOR THEIR ADMINISTRATION

Major war powers of the President (arising from the Constitution or legislation) may be grouped as follows (omitting the powers of the Army and Navy):

Agencies to be created to administer the major war powers:

A. Agencies independent of WRA (coordination with WRA to be secured by having a representative of WRA on each agency):

- | | |
|---|---|
| 1. Stimulation and maintenance of a high level of morale on the part of the whole nation. | 1. A Public Relations Board. |
| 2. The marshalling of man power for military and naval duty. | 2. A Selective Service Board or Administration. |
| 3. The marshalling of man power within industry. | 3. A War Labor Board. |
| 4. Financing not only normal peace-time activities but particularly emergency requirements of war, including budgetary, monetary, fiscal and credit policies. | 4. A War Finance Board or Administration. |
| 5. Control of food supply. | 5. A Food Administration. |
| 6. Control of prices | 6. A Price Control Authority. (To report directly to the President.)
a) To prevent unnecessary advances in prices. |

B. Agencies within WRA and indicated organization thereof (provision to be made for coordination with existing government agencies):

- | | |
|---|--|
| 7. Industrial mobilization-coordination of America's productive capacity and requirements of procurement agencies of government and of civilian population. | 7. A War Resources Administration.
a) A Raw Material & Manufactures Division.
1) To coordinate industry to meet requirements of government for war purposes and civilian needs.
2) To administer policies of WRA.
3) To handle problems of production of raw materials and manufactured products.
4) To provide point of contact between government and industry.
5) To initiate the use of the various powers of the WRA.
b) A Facilities Division.
1) To plan for creation of added capacity as needed.
2) To study whether individual plants may be converted from less essential to more essential needs.
3) To recommend points where new plant capacity is required.
4) To assist in handling problems of corporate finance (since conversion of existing capacity or construction of new capacity may involve such problems.)
c) A Priorities Division.
1) To determine the order of precedence (based upon degree of need) of raw materials or manufactured products.
d) A War Trade Division.
1) During war, to control imports and exports and supervise the basis of foreign purchases in this country.
e) A Power and Fuel Division.
1) To coordinate these industries for war purposes, and to control allocation of fuel (coal and oil) or power to those industries where the need is greatest.
f) A Transportation Division.
1) To coordinate existing transportation facilities so as to provide adequate service without unnecessary trans-shipment.
g) A Technology & Research Division.
1) To undertake supervision of research, conservation, education and technical developments, etc. |
|---|--|

Note

In order to make the procurement powers of the President effective, and to simplify and coordinate all of the controls of industry in one organization, the WRA should be clothed with certain powers.

These powers will all involve the right of WRA to determine sequence of importance of orders and relative importance of plant facilities. In order to make such determinations effective in the prosecution of a central purpose, the WRA should have power to control industry by denying essential elements such as power and fuel, transportation or the importing of essential commodities to those who refuse to cooperate voluntarily.

THE INDUSTRIAL MOBILIZATION PLAN

We have analyzed the Industrial Mobilization Plan as prepared by the Army and Navy Munitions Board and wish to make certain observations. In comparing the present state of planning activities within the military services with the state of such activities either at the beginning of the last war or during that war, it is clear that the present Plan represents not only an awareness of the industrial problems arising in modern war but also a decided advance in the field of national preparedness and adequate plans for defense.

A most important step has been the development of the Army and Navy Munitions Board as an instrument for the development of plans and the general direction of military and naval thought toward the problem of industrial mobilization as differentiated from military mobilization. Without question, much has been contributed by the Army Industrial College and its work in familiarizing the services with the entire problem.

In this report on the Industrial Mobilization Plan, it has seemed to us desirable that we restrict ourselves to a consideration of broad problems of organization and that we avoid passing judgment at this time on specific operating policies or details of procedure of the type which naturally could be developed only when war became imminent.

In order to present the entire problem concerning war powers and the kind of agencies which we recommend be created, a "Summary of War Powers and Recommendation for Their Administration" is presented here as an aid in understanding the subsequent portions of this report.

WARTIME AGENCIES RECOMMENDED TO BE SEPARATE FROM WRA

There are certain wartime powers which should be handled by agencies independent of a "War Resources Administration". This is recognized in the Industrial Mobilization Plan. Such agencies should be separate for the following reasons:

1. Their separation will avoid an undue and unnecessary concentration of power within the WRA.
2. Likewise, their separation will prevent the WRA from becoming too large and cumbersome an organization.
3. The WRA can be an efficiently functioning unit itself without of necessity having control over these agencies. To the extent that their functions relate to the WRA, adequate correlation can be achieved through proper executives. This coordination should be achieved by having a representative of the WRA in each of the independent agencies whose functions would make this desirable.

A PUBLIC RELATIONS ADMINISTRATION (Recommended to be separate from the WRA)

The major purpose of the Public Relations Administration is the creation and maintenance of a high national morale. It should present to the people the purposes, views and progress of the government in the prosecution of the war.

It will be necessary for this Administration to maintain close contact with all other emergency administrations.

It is not recommended that the Public Relations Administration be a centralized bureau through whom all information must be obtained.

As the responsibility for their policies and action will rest in several war-time agencies, they should be given authority to inform the public, possibly after taking counsel with the Public Relations Administration.

A SELECTIVE SERVICE ADMINISTRATION (Recommended to be separate from the WRA)

The conscription of man power for military or naval service should be handled by a Selective Service Administration, the general purpose of this Administration being the selection of personnel for the armed services so that no preferences should be given in determining who shall serve his country.

This operation obviously does not belong within the organization of the WRA itself. Close correlation between Selective Service policies and the needs of industry must be maintained in order that a man very important to one activity be not drafted into another where he will be less effective.

A WAR LABOR ADMINISTRATION (Recommended to be separate from the WRA)

A War Labor Administration should be established to provide generally for the following functions:

1. Correlation of labor problems with the activities of the emergency agencies, particularly the Selective Service Administration, the WRA, and the Price Control Authority.
2. Direction of the flow of employment so as to assure adequate labor to essential industries.
3. Arrangement for mediation and conciliation to handle such labor disputes as may arise.

It is our recommendation that the War Labor Administration be an independent agency of a judicial character rather than a division within the WRA where most of the activities will be executive in character. Separation of the War Labor Administration from WRA has

been recommended not only because of the varied character of the problems with which it would have to deal but also because of the possible danger of mistrust on the part of labor of an administration staffed largely with industrialists.

There are, at the present time, several government departments and agencies concerned with problems of peacetime labor and labor supplies. To introduce the functions of War Labor into the WRA would complicate the coordination job. The administration of war labor itself involves coordination between normal peacetime agencies such as the Labor Department, the National Labor Relations Board and the Wages and Hours Administration.

A WAR FINANCE ADMINISTRATION (Recommended to be separate from the WRA)

The direction and control of fiscal, taxation and monetary policies is one of the most important parts of a war mobilization program. Our consideration of the broad general problem has led us to recommend that a War Finance Administration be established as a separate emergency administration, although possibly an inter-departmental committee or board would meet the need. For reasons indicated below, there must be complete cooperation between the War Finance Administration and the Price Control Authority.

It is our view that the War Finance Administration or board should be a mechanism for coordinating all government agencies concerned with fiscal, monetary, and credit problems. We would expect, however, that the Facilities Division of the WRA would be concerned with the capital needs arising from the expansion of productive capacity.

If the need for restriction of new security issues should arise, it should be handled by an emergency agency with power lapsing at the end of the war.

A FOOD ADMINISTRATION (If needed recommended to be separate from the WRA)

A Food Administration in view of the change in world conditions since the World War might not be necessary. On the other hand, food problems in wartime might be such as to warrant a separate agency for their handling. Since these problems are not directly related to the major problem of industrial production, it is recommended that any wartime Food Administration be established as an independent agency. Such an agency would coordinate its activities with existing government agencies having jurisdiction in related fields. A Food Administration would require an organization with a wide geographical distribution and the delegation of powers distant from headquarters, quite different from the kind of organization expected to exist in WRA.

The functions of this Administration presumably would include the control of the production of necessary food supplies and the supervision of the proper distribution of foods.

The control of food prices should be under the Price Control Authority in cooperation with the Food Administration.

A PRICE CONTROL AUTHORITY (Recommended to be separate from the WRA)

The problems of price control in any future war will become one of the most important factors bearing upon the success or failure of the entire program of mobilization of national resources. While a

case might very well be made for placing this Price Control Authority within the WRA itself, it is our recommendation that the administration of prices be handled by a body more judicial than executive in nature, and that it be free from control by any single group or interest. It is also our recommendation that the Price Control Authority be directly responsible to the President. Since the Authority must maintain very close working relationships with the WRA, its Chairman should be a member of the WRA.

The membership of the Price Control Authority should include men with a wide variety of experience and a judicial approach. Because of the judicial nature of its responsibility, decisions should be made by the Authority as a whole.

The Board has not undertaken to define what price policy should be adopted by a price control authority. It is emphasized, however, that the prevention of price inflation such as characterized the World War is of paramount importance because it interferes with the successful prosecution of a war and gravely complicates the problem of post war readjustment. In the event of a major war, the control of prices could be made effective only by means of a coordinated policy embracing all the sources of price disturbances. This means that it may have to comprehend not only industrial prices but agricultural prices, rents and wages, fiscal and monetary policies as well. Accordingly there should be the closest possible cooperation between the Price Control Authority and the War Finance, War Labor and Food Administrations.

FUNCTIONS TO BE HANDLED BY DIVISIONS OF THE WRA

The WRA should be a central agency concerned with industrial mobilization - coordinating America's productive capacity with the requirements of the Army and Navy and of the civilian population. We have suggested grouping within the WRA those related functions which in our opinion are essential to effective control of industry.

The WRA is not to be a ministry of munitions engaged in purchasing and producing. The Army and Navy, rather than the WRA, are responsible for actual procurement, design, making the contracts, inspection, receiving the supplies, etc. The WRA's task should be to facilitate procurement and, where necessary, to increase productive capacity.

In order for the WRA to function as a coordinating organization with reference to Army and Navy procurement plans, we recommend that there be assigned to the WRA all the war powers directly and indirectly concerned with the processes of production and distribution of goods.

While we recognize that coordination of agencies to execute these powers might be made effective even if they were established independently, it is our recommendation that a higher degree of performance would be possible if they were within WRA. We believe it would be preferable if the President were to appoint a War Resources Administration and that Administration in turn were to

select individuals to handle these functions as divisions within WRA. The very fact that major executives of the WRA would thus be selected by those responsible for the functioning of the WRA would insure a close working arrangement.

A RAW MATERIAL AND MANUFACTURES DIVISION (Recommended to be within the WRA)

For purposes of clarity we have thus renamed what was the Commodities Division of the War Industries Board.

It is our recommendation that the Raw Material and Manufactures Division provide the central points of contact between the WRA and the essential industrial plants in this country. The functions of the Raw Material and Manufactures Division should be to coordinate requirements and productive capacity, to administer the policies of the WRA, and to initiate the application of war powers wherever such application is necessary.

The Raw Material and Manufactures Division should be organized into appropriate sections and units to correspond with the natural breakdown and grouping of American industry. With few exceptions a business man should be able to establish a single point of contact on war problems through the executive within the WRA handling his particular industry.

FACILITIES DIVISION (Recommended to be within the WRA)

The Facilities Division should be concerned with the creation

of new industrial facilities and the conversion of existing facilities where present capacity is inadequate to meet procurement needs.

Whereas the Raw Material and Manufactures Division will be concerned with the operations of existing plants, the Facilities Division will direct its attention to the problem of creating additional capacity when existing capacity is not adequate. It is not contemplated that the Facilities Division will concern itself with operations thereafter.

All problems arising in connection with providing additional plants should be centralized within the Facilities Division. Thus, if the expansion of a plant creates a shortage of housing for industrial workers within a given area, the Facilities Division will not stop at the point of arranging for supplying only manufacturing space and equipment. Accordingly, the Facilities Division will have jurisdiction over the problem of necessary housing facilities for workers in those points where districts are congested and the housing is inadequate.

Since the expansion of industrial facilities will in many instances involve requirements for new and additional capital, it is our view that problems of such capital needs of industry should also be handled by the Facilities Division.

When the Facilities Division comes to consider industrial requirements for capital and credit, it will cooperate with the War Finance Administration.

PRIORITIES DIVISION (Recommended to be within the WRA)

The Priorities Division should be charged with the function of determining the order in which raw materials and manufactured products will be produced or fuel, power, or transportation furnished, based upon the degree of need for such products or services. The granting or determination of priority is a means of giving official preference in the procurement of goods in the order of their need. The Priorities Division should consider immediate and expected requirements.

WAR TRADE DIVISION (Recommended to be within the WRA)

In our opinion the control of foreign trade should be established by having a War Trade Division within the WRA.

The functions of this division should be to control imports and exports during war time and to supervise the basis of all foreign purchases in this country. While the War Trade Administration during the last war was established as a separate emergency agency, a study of the history indicates that War Trade was established, like a number of other agencies, on the basis of expediency as needs developed and not on the basis of a comprehensive plan made in advance of war. In making plans for industrial mobilization, we feel that War Trade is actually an integral part of industrial mobilization.

The Army and Navy Munitions Board has established a list of

strategic and critical materials; many of these materials are imported. The WRA should know the procurement needs of the services and should be able to control the flow of such strategic and critical commodities as well as all imported goods through the War Trade Division.

Many of the specific questions which will naturally arise in connection with both importing and exporting during wartime have an intimate relationship to other parts of the American industrial mechanism. The object of the War Trade Division should be not alone to insure essential imports but also to prevent the diversion of our own essential resources through exports and for that reason it should supervise all purchases for the account of foreign nations.

The War Trade Division should keep the Transportation Division informed of the actual physical movement of goods in foreign trade so that the latter may conserve shipping space and reduce unnecessary loads on our domestic transportation.

Since many of the commodities involved in both import and export activities will raise price problems, the War Trade Division of the WRA will in many instances have to work closely with the Price Control Authority.

It will be an obvious advantage to have War Trade a part of WRA in that the material sections and units of WRA will have all the facts relating to each commodity, thus making it unnecessary

to build a parallel organization in War Trade.

Because of the large number of peacetime agencies directly concerned with problems of foreign trade, the War Trade Division should handle such relationships with the State Department, the Bureau of Foreign and Domestic Commerce, and the Maritime Commission. Many situations arose in the last war to demonstrate the tactical advantage of thus relieving the State Department of responsibility for necessary decisions which might provoke foreign criticism.

POWER AND FUEL DIVISION (Recommended to be within the WRA)

The control of power and fuel requires close integration with the whole industrial plan and it seems best that it should be handled by a division of the WRA. In short, the control of these elements through priorities is an indispensable part of the whole industrial control mechanism. The Power and Fuel Division should adjust these various industries for war purposes. Problems of power and fuel are closely related. Therefore, in our own thinking, power and fuel are really two separate parts of industry not differing in essentials from any other part.

For example oil - an essential fuel - is vital to the Navy. The production and distribution of oil for fuel and lubrication is obviously an important factor in its effectiveness. Since the WRA is basically concerned with adjustment of industrial production so as to make procurement by the military services possible, the

control of the petroleum industry within the field of the "war powers" should be assigned to the WRA.

TRANSPORTATION DIVISION (Recommended to be within the WRA)

The objective of the Transportation Division should be arranging for the coordination of existing facilities so as to provide adequate service for all needs and for additional facilities when needed. Transportation, like Power and Fuel and Priorities, may become a means of making the war plans more effective. Similarly, the operation of the Raw Material and Manufactures Division can become an empty shell unless a Transportation Division within the WRA works closely with other divisions so as to assure the placing of raw materials and manufactured products at points where they are needed and on scheduled time.

It is recommended that the Transportation Division cover all types of transportation facilities and services including railways, highways (truck and bus), inland waterways, ocean and coastwise shipping, air transport and pipe line.

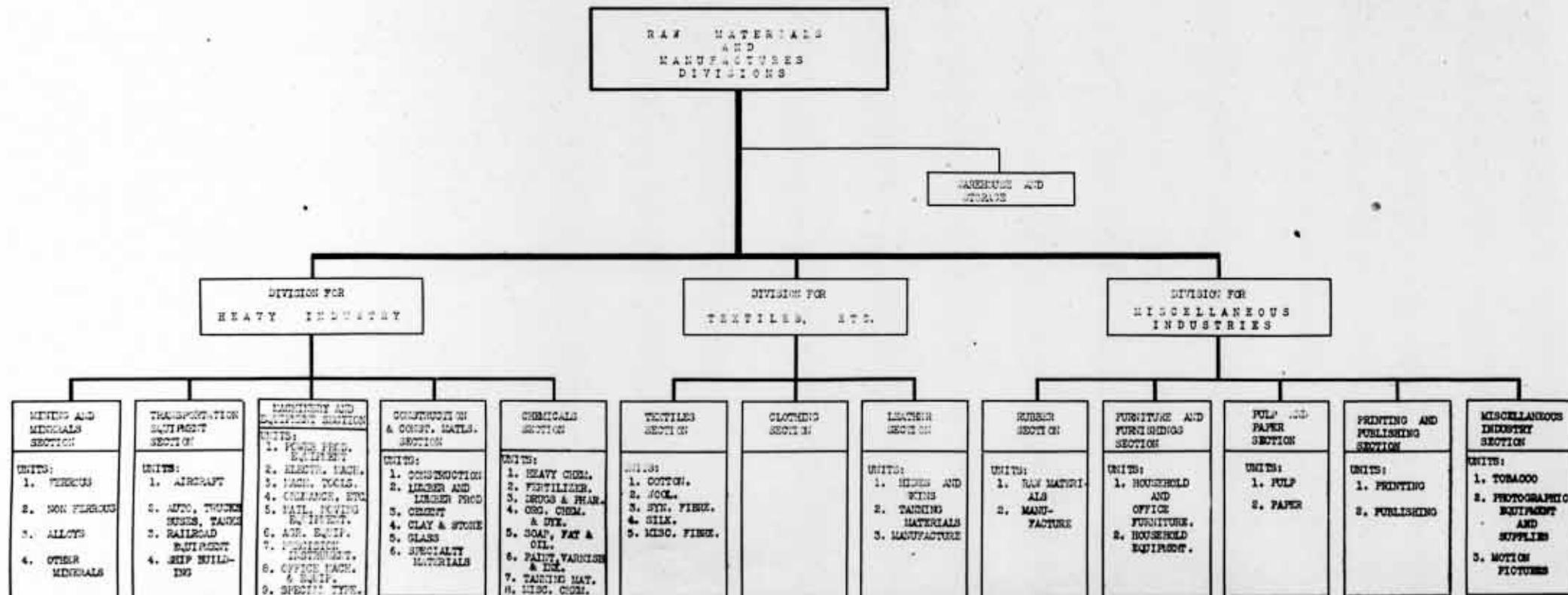
This suggestion of a division within the WRA does not imply that this division should actually take over or operate the railroads or other transportation agencies. Rather, the division would coordinate its activities with those of the Interstate Commerce Commission and other organizations concerned with transportation.

RESEARCH AND TECHNOLOGY DIVISION (Recommended to be within the WRA)

While all of the divisions proposed above for inclusion within the WRA are basically executive in nature, it is our recommendation that there be included within the WRA a Research and Technology Division which will assume jurisdiction over the following functions:

1. Conservation -- the reduction of unnecessary consumption during wartime through publicity, standardization, change in design, and substitution.
2. All technical problems which promise the opportunity of increasing productive capacity by application of modern, scientific means.
3. Acting as a central clearing house for the dissemination of results from technical research to all points within industry where the results of such research can be usefully employed.
4. Mobilizing personnel and equipment of laboratories for special investigations or manufacture of highly specialized apparatus.
5. Arranging for special training of technicians and skilled labor as needed.
6. Supplying other operating divisions with information regarding the availability, character, and qualifications of engineering firms and research organizations.

**A PLAN FOR MAJOR INDUSTRY SECTIONS
IN THE RAW MATERIALS & MANUFACTURES DIVISIONS
OF
THE WAR RESOURCES ADMINISTRATION**



For further subdivisions of industry, see attached Appendix A.

October 11, 1939

To Accompany Chart of Major Industry Sections
In the Raw Materials and Manufacturers Division of
A War Resources Administration
(Tentative)

I. HEAVY

- A. Mining and Minerals
 - 1. Ferrous Metals
 - a. Processing and Fabrication
 - 1) Iron and Steel
 - b. Raw Materials
 - 1) Iron Ore
 - 2) Iron and Steel
 - 3) Iron and Steel Scrap
 - 2. Non-Ferrous Metals
 - a. Copper
 - b. Aluminum
 - 1) Bauxite
 - 2) Cryolite
 - 3) Fluorspar
 - c. Zinc
 - d. Lead
 - e. Nickel
 - f. Tin
 - g. Titanium
 - h. Platinum
 - i. Mercury
 - 3. Alloy Metals
 - a. Molybdenum
 - b. Manganese
 - c. Chromium
 - d. Tungsten
 - e. Vanadium
 - f. Magnesium
 - g. Antimony
 - h. Cadmium
 - 4. Other Minerals
 - a. Helium (Joint Board of Army Navy and Interior to handle production)
 - b. Sulphur
 - c. Graphite
 - d. Mica
 - e. Quartz Crystal
 - f. Uranium
 - g. Zirconium
 - h. Abrasives
 - 1) Natural
 - 2) Artificial
- B. Transportation Equipment
 - 1. Aircraft
 - 2. Auto, Trucks, Buses & Tanks
 - 3. Railroad Equipment
 - 4. Shipbuilding
- C. Machinery & Equipment
 - 1. Power Production Equipment
 - 2. Electrical Machinery
 - 3. Machine Tools
 - 4. Ordnance Small Arms & Ammunition
 - 5. Material Moving & Conveying
 - 6. Agricultural Equipment
 - 7. Precision Instruments
 - 8. Office Machinery
 - 9. Special Type Machinery & Equipment
 - a. Gas Containers
- D. Construction & Construction Materials
 - 1. Construction and Erection
 - 2. Lumber & Lumber Products
 - 3. Cement
 - 4. Clay & Stone
 - a. Refractories
 - 5. Glass
 - a. Optical Glass
 - b. Scientific Glass
 - 6. Specialty Materials
 - a. Cork & Cork Products
 - b. Asbestos
- E. Chemicals
 - 1. Heavy
 - a. Sulphuric Acid
 - b. Arsenic
 - c. Chlorine
 - d. Ammonia & Nitric Acid
 - e. Soda Ash & Caustic Soda
 - 2. Fertilizers
 - a. Nitrates
 - b. Potash
 - c. Phosphates
 - 3. Drugs & Pharmaceuticals
 - a. Opium
 - b. Quinine
 - c. Nux Vomica
 - d. Iodine
 - 4. Organic Chemicals & Dyes
 - a. Phenol & Picric Acid
 - b. Toluol
 - c. Alcohols
 - d. Methanol
 - e. Acetic Acid
 - f. Acetone
 - 5. Soaps, Fats & Oils
 - a. Cotton Seed
 - b. Palm Oil
 - c. Castor Oil
 - d. Copra
 - 6. Paints, Varnishes & Inks
 - a. Shellac
 - b. Linseed Oil - Flaxseed
 - 7. Tanning Materials
 - 8. Miscellaneous
 - a. Cocoa Nut Shells
 - b. Camphor

II. TEXTILES, CLOTHING & LEATHER

A. Textiles & Related Products

1. Cotton
 - a. Cotton Linters
 - b. Webbing & Duck
2. Wool
3. Synthetics
4. Silk
5. Miscellaneous Fibers
 - a. Manila Fibre
 - b. Hemp
 - c. Jute
 - d. Cordage
 - e. Kapok
 - f. Sisal

B. Clothing

C. Leather

1. Hides & Skins
2. Tanning
3. Manufacture

III. MISCELLANEOUS INDUSTRIES

A. Rubber

1. Raw Materials
2. Manufacture
 - a. Tires & Tubes
 - b. Mechanical Goods
 - c. Other

B. Furniture & Furnishings

1. Furniture - Household & Office
2. Household Equipment

C. Pulp & Paper

1. Pulp
2. Paper

D. Printing & Publishing

1. Printing
2. Publishing

E. Miscellaneous

1. Tobacco
2. Photographic Equipment & Supplies
3. Motion Pictures

THE SUGGESTED ORGANIZATION FOR THE RAW MATERIAL
AND MANUFACTURES DIVISION

This Board has not undertaken to develop a detailed plan covering an entire WRA and setting forth many refinements of organization and function. However, one division seemed to call for such a plan in order to permit further progress in the work of the Army and Navy Munitions Board with industry.

We have selected the Raw Material and Manufactures Division as an example of the application of organization principles. We have outlined a tentative form of organization in order to test whether such an organization will fit both the needs of the WRA and the existing set-up of American industry.

The chart on the facing page indicates our suggested organization for this division of the WRA. It will be noted that the organization is so arranged that no more than six executives report to any superior executive, except in rare instances. We believe that it is essential to have only a small number of immediate subordinates if adequate supervision is to result.

We have tried to provide for sections and units within the Raw Material and Manufactures Division in such a manner that this section of the organization can be expanded gradually as needs develop. Since the industries mentioned on the chart by no means

exhaust all of the classifications of American industry we have carried the grouping further as shown on list attached to the chart.

In order to provide a central point of contact for a manufacturer of any given product and the WRA, it is our concept that each section have within itself a number of specialists. One of such specialists will be concerned with price matters, another with priorities, another with transportation. Thus, the specialist on prices within an industrial section would handle, subject to the direction of the chief of the section, all relations with the Price Control Authority, and would inform all executives within the section about the decisions of the Price Control Authority. As the organization develops, it may be necessary or desirable to have such specialists in units rather than sections.

Similarly, the Army and Navy should have representation within the Raw Material and Manufactures Division at such points as may best serve the purposes of the two military services.

It will be noted here that the organization plan of the Raw Material and Manufactures Division aims to parallel as nearly as possible the existing organization of industry. It is believed that the procurement agencies will be able so to adjust their organization as to fit the suggested form of organization of the Raw Material and Manufactures Division.

It is not our thought that this Division as suggested in the chart be created in its entirety at the start of a war. Rather, plans should be made for the handling of all such problems as one can see arising immediately upon an emergency of a war. Those plans should be put into effect through the establishment of an appropriate and expanded organization only as needs arise.

The concept outlined above provides a flexible plan for the Raw Material and Manufactures Division - a plan capable of gradual expansion.

On examination it will be found that the various principles and objectives, which we have outlined above, are applied in the organization plan for the Raw Material and Manufactures Division. In addition the following considerations have guided the formulation of the plan:

1. In general, responsibility has been delegated as far down in the organization as possible so as to leave top executives free for broad issues of principle or major policy.
2. In order to avoid "red tape", problems requiring decision and coordination are to be handled by men with authority to act; mere contact and exchange of views becomes largely a wasted activity.
3. In arranging for channels of contact between industry and government, the objective has been to have as few contacts as possible between a single industrial plant and the WRA - one contact being ideal.
4. Control over industry should be limited to that which is clearly essential for the purpose of winning the war.

5. There exist today numerous organizations in trade and industry whose functions and operations may well be called upon by the WRA. Wherever possible use should be made of such organizations.

6. Effective organization will require representation of the Army and Navy on many emergency wartime agencies and sections thereof. As to the War Resources Administration, it is contemplated that representatives of the Army and Navy be assigned to all proper points in the organization, and that they be men with authority to make decisions on problems as they affect the services.

FURTHER PROBLEMS CONCERNING NATIONAL DEFENSE,
NATIONAL PREPAREDNESS AND THE EMERGENCY OF WAR

While we have given major attention to the organizational and administrative problems involved in the "paper" stage of planning, we have recognized that any plan must reasonably fit both the emergency period when war is imminent, and an actual war period. There is no sharp dividing line between defense plans, national preparedness plans, and war plans. We mention below a series of problems without attempting to forecast when they may become vital to the nation. We recommend that further study of these problems continue under the Army and Navy Munitions Board. That Board should be enabled to supplement its work by arranging with industrial and trade organizations for checking basic data and proposed procedures.

Modern warfare on a large scale includes economic warfare, requiring the complete mobilization of the nation's productive power. The full implications of such a mobilization and the steps involved in carrying it out are, however, seldom realized. Some of the necessary preparations can be undertaken in time of peace when war is only a remote possibility; others can properly be instituted only when war is imminent.

For many years the Army and Navy have been working systematically on an industrial mobilization program. This foresight and systematic planning have placed us in an improved position in comparison with our position in the last war.

Certain broader aspects of industrial mobilization have not, however, been adequately studied. While the Army and Navy Munitions Board has made preliminary studies of transportation problems, labor requirements, etc., further detailed studies will have to be made when war is imminent or when preparedness programs strain the capacity of American industry. Among these problems are:

Legal Restrictions which may Interfere with Procurement of Munitions.

1. Laws relating to employment, hours of work, overtime, etc., in government arsenals and navy yards.
2. The Walsh-Healey and Bacon-Davis Acts in their application to suppliers.

Inventory and Facilities Problems.

3. A continuous study of the supply of essential materials.
4. A continuous study of industrial facilities which may be converted to munitions needs.
5. Expansion of the educational order program. A beginning has been made in giving plants experience in turning out essential munitions by means of so-called educational orders. A material expansion of this program would not only expedite production in the event of war, but would provide useful reserves of important munitions.
6. Development of plans for munitions plants where no counterparts capable of conversion to war work now exist.

7. Modernization of machinery in government munitions plants.

Although existing manufacturing arsenals and depots are capable of producing less than ten per cent of total requirements in the case of a major war, they are of great significance in two ways: (a) they help to fill the breach in the early months of the emergency before the large converted commercial plants can begin production; and (b) they should serve in some instances as standards to develop and test methods and check costs in private establishments.

8. The accumulation of adequate reserves of munitions and special manufacturing equipment for munitions, quantity production of both requiring a long period.

Analysis of Possible Further Legislation.

9. A careful survey of all desirable wartime legislation, particularly with reference to the establishment of emergency organizations.

10. Draft of a law to legalize actions of individuals, corporations or industrial organizations and trade associations undertaken in exact compliance with definite directions of any wartime agency. The risk of subsequent legal action to penalize any steps taken during war time at the behest of the government will prove a serious deterrent to effective cooperation by industry capital or labor. Advance assurances through specific legislation should be given that compliance with wartime requirements will not lead to later punitive action.

11. Peacetime employment of aliens on munitions work.

12. The procedure for procurement in both the Army and the Navy should be analyzed to determine any desirable or necessary changes to fit a wartime situation - involving advertising for bids, negotiated prices, cost plus contracts, etc. The basic problem is to determine the best means of meeting material requirements at the lowest reasonable price.

13. The cost of waging a major war should be borne as far as possible by current taxation. Both corporations and individuals should be assessed according to their ability to pay. This burden will be great. The determination of a taxation policy that will weigh heavily on all and yet be fair to all requires the most careful study by competent authorities. In the event of war, everything practicable should be done to equalize the burdens of war.

14. In connection with taxation policy, relationship of procurement contracts to such policies should be weighed. Thus, procurement contracts covering special ordnance and non commercial material, if of such size as to require investment in fixed capital should properly contain fair provisions covering plant amortization. Tax laws should permit such action.

Other Measures.

15. Study the effect of controls by other nations upon imports of important materials.

16. Study the possibility of need for control of export of American materials, machinery and equipment which become essential to a preparedness program.

17. Study the possibility of making arrangements with the buying organizations of all foreign governments so that the Army and Navy Munitions Board would be kept currently informed as to the volume of all orders placed in this country, their character, the location of the plants involved, and the scheduled time of delivery.

18. All wartime emergency agencies at the time of their establishment should have the benefit of existing data and official information in present government establishments. In order for wartime agencies to be informed thereof periodical surveys should be made to show the character and extent of such data.

19. In advance of the establishment of emergency agencies, surveys should be made of possible executive personnel to staff such agencies. Great care should be taken to select men with the necessary experience and qualifications. Records should be available of potential personnel so that in the event any emergency agencies must quickly be established their effectiveness will not be reduced by taking personnel unsuited to their needs.

20. A periodic study should be made of the demand for and supply of skilled labor and the development of a program to meet indicated needs.

21. In the field of transportation, a study should be made to determine definitely all weak points which might cause trouble in case of heavy war traffic, with a view to ascertaining where the bottle-necks would most likely be found. A program for the solution of any such problems should be developed. All facilities including highway, waterway, and marine transportation should be analyzed.

22. A study should be made as to national productive capacity in relation to war requirements. The World War indicated, as nothing else could have done, the significance of bottle-necks and weak or missing links in the national economic mechanism. Aggregate production was seriously restricted because of shortages in certain indispensable lines. If reasonably accurate knowledge of the abilities of the various industries to expand output were available at the outbreak of a war the problem of administrative coordination would be enormously aided.

In the light of this summarization of problems which remain unsolved, we recommend that funds be made available to the Army and Navy Munitions Board for further planning and study along the lines indicated.

It should be emphasized that such studies can be useful and serviceable only if they are coordinated with the Army and Navy industrial mobilization plans. The desired results cannot possibly be obtained by a series of independent surveys of special problems instituted by various departments of government or by the industries concerned.

In concluding this section of our report, attention is directed to the fact that effective detailed planning for either preparedness or war cannot be undertaken until a clearly-defined objective is known. A preparedness program involves a definite quantity of production within a definite time period. Thus such a program lends itself to orderly development by the Army and Navy, and in normal course requires no wartime agencies. On the other hand, a war program demands a maximum of production in a minimum of time. In peacetime planning, a war program still in the "paper" planning stage must be flexible and in general terms.

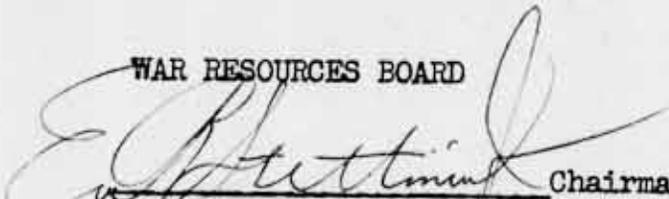
It is only in a later stage when war is imminent or when war has been declared that war plans can be made definitive. At that time and as reasonably far in advance of actual participation as possible, final plans must be developed. Such final plans should be made by the men who will be called upon to operate them.

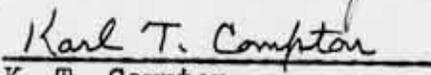
If plans are administered by the same men who made them, their execution will be quicker and more effective.

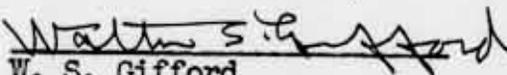
In submitting this report the Board feels that it has rendered the principal service for which it was appointed. So long as the United States is not engaged in war, such a Board has no power and no executive responsibility. We feel that such preparedness plans as are deemed necessary should be carried forward under the auspices of the Army and Navy Munitions Board with the cooperation of other departments of government. However, if it is desired that we continue to meet from time to time in an advisory relationship with the Army and Navy Munitions Board, we shall of course be happy to serve in that capacity.

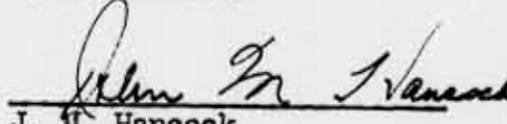
Respectfully submitted,

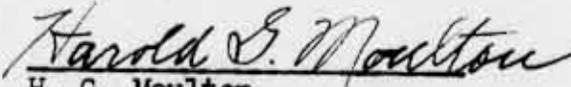
WAR RESOURCES BOARD

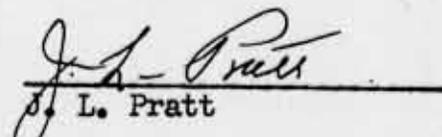

Chairman
E. R. Stettinius, Jr.

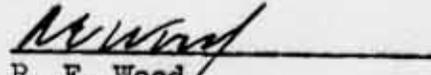

K. T. Compton


W. S. Gifford


J. M. Hancock


H. G. Moulton


J. L. Pratt

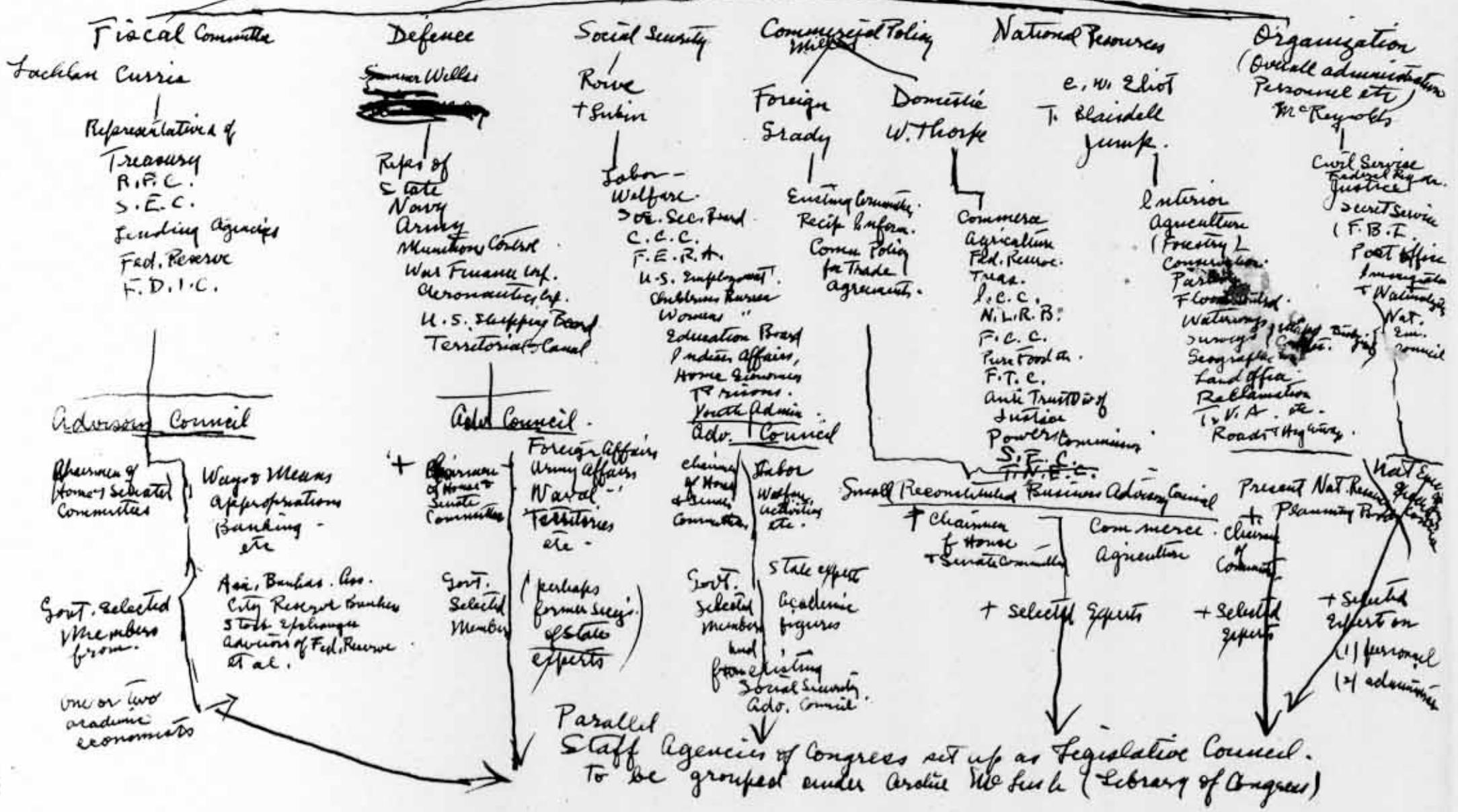

R. E. Wood

Read file

PSF

War R. B.

President's Staff Chief Secy? (Budget Director?)



file

MEMORANDUM:

TO: The President

FROM: Louis Brownlow

DATE: May 21, 1940

The necessary Executive Order and other formal papers required to carry into effect the suggestions contained in my accompanying memorandum can be prepared in the Bureau of the Budget and the Department of Justice in a very short time.

The suggestions could be brought into effect by:

- (1) An Executive Order calling into existence Division Six of the Executive Office;
- (2) The Adoption by the Council of National Defense (already in existence by law) of certain rules and regulations;
- (3) The submission to Congress of an estimate for the expenses of the Council of National Defense, which might carry a provision for the addition to that Council of the Secretary of the Treasury and the Director of the Budget, OR an assignment to the Council of National Defense of funds from monies appropriated to the President for the purpose of national defense, with an accompanying direction to the Secretary of the Treasury and the Director of the Budget to sit with the Council.

PSF
THE WHITE HOUSE
WASHINGTON

September 5, 1939.

MEMORANDUM FOR THE PRESIDENT:

I asked Mr. Louis Brownlow to give a short explanatory statement as follows:

"After handing you the proposed administrative order setting up the Liaison Office of the Emergency Management yesterday, I had a long consultation with Judge Townsend of the Department of Justice. He believes that it will be necessary, for legal reasons, to divide the order into two parts: one, the order itself, and, two, rules and regulations which will have to be adopted by the Council of National Defense.

"The drafts of the administrative order and the proposed rules and regulations of the Council of National Defense, as rewritten by Judge Townsend, are attached hereto and these two documents are to be substituted for the document that I handed you yesterday.

"Of course, both schemes are predicated upon the issuance of an executive order establishing the Executive Office of the President, which we went over last week.

"Judge Townsend asked me to point out to you that the executive order, general in terms, will be published in the Federal Register but that the administrative order need not be published but had only to be sent to the various persons affected.

"Needless to say, the parenthesis in the Rules and Regulations following the words 'the industrial supply service' is for your own information."


E.M.W.

RULES AND REGULATIONS
COUNCIL OF NATIONAL DEFENSE

By virtue of the authority contained in Section 4,
Title 50, United States Code, the Council of National Defense,
with the approval of the President, hereby adopts the following
rules and regulations for the conduct of its work:

The operations and functions of the Council of
National Defense shall be carried on through seven principal
subdivisions as follows: (1) the Industrial Supply Service,
(2) the Agricultural Supply Service, (3) the Price Stabilization
Service, (4) the Labor Supply Service, (5) the Economic Coordina-
tion Service, (6) the Transportation Service, and (7) the Consum-
ers Protection Service.

The functions and duties of the subdivisions of the
Council of National Defense are hereby defined as follows:

- (1) The Industrial Supply Service.—(Now known as the
War Resources Board.) To advise the President with respect
to the measures necessary to be taken to assure the Nation
of an adequate supply of necessary industrial products;

(2) The Agricultural Supply Service.—To advise the President with respect to the measures necessary to be taken to assure the Nation of an adequate supply of agricultural products, and for the use and conservation of agricultural surpluses;

(3) The Price Stabilization Service.—To advise the President with respect to the measures necessary to be taken to stabilize prices so that producers, processors, and distributors may be assured of adequate profits within a price structure that will prevent the exploitation of the people on account of the emergency;

(4) The Labor Supply Service.—To advise the President with respect to the measures necessary to be taken to assure the employment of workers at an adequate wage, but that will prevent the exploitation of the people on account of the emergency;

(5) The Economic Coordination Service.—To advise the President with respect to the measures necessary to be taken to maintain a reasonable balance among industrial, commercial,

and transportation activities, agricultural activities, and activities directly connected with the preparation for the national defense, to the end that the national economy may be kept in equilibrium;

(6) The Transportation Service.—To advise the President with respect to the measures necessary to be taken to assure adequate transport by land, water and air, at rates that will assure adequate operating facilities, but that will prevent the exploitation of the people on account of the emergency;

(7) The Consumers Protection Service.—To advise the President with respect to the measures necessary to be taken to assure to the consumers of the Nation adequate supplies and to protect them from exploitation on account of the emergency with respect to the price, the quality, and the quantity of food, fuel, clothing, shelter, power, and other necessary articles and services.

ADMINISTRATIVE ORDER

CALLING INTO EXISTENCE THE LIAISON OFFICE FOR EMERGENCY
MANAGEMENT OF THE EXECUTIVE OFFICE OF THE
PRESIDENT, AND PRESCRIBING REGULATIONS
GOVERNING ITS ACTIVITIES.



Whereas I find there is a threatened national
emergency: Now Therefore, By virtue of the authority vested
in me by the Constitution and the Statutes, and in order to
effectuate the purposes of Part II, Section 6 of the Executive
Order No. issued September , 1959, it is hereby ordered
as follows:

I

The Liaison Office for Emergency Management in the
Executive Office of the President is declared to be in existence
for the period of the threatened national emergency or for the
period of the national emergency should it be proclaimed by the
President. Four of the Administrative Assistants to the
President, designated by the President, are hereby assigned to
perform the functions of this Office as prescribed in Executive
Order No. issued September , 1959.

Three of the Administrative Assistants to the President, designated for that purpose, shall carry out the functions defined in paragraph (a) of Section 6, Part II of said Executive Order No. issued September , 1959.

These three Administrative Assistants shall obtain information and condense and summarize it for the use of the President, to the end that the time of the President may be conserved and that all pertinent information may be in his hands upon which he may base actions required by the emergency, but in no event shall such Administrative Assistants assume responsibility for the administrative direction or operation of any department, agency or independent establishment with which his duties will necessarily bring him into contact.

The three Administrative Assistants so designated shall act as liaison agents specifically for the following purposes:

- (1) One Administrative Assistant in respect of diplomatic and military measures not reported directly to the

President by the Secretary of State, the Secretary of War
or the Secretary of the Navy;

(2) One Administrative Assistant in respect of prob-
lems of economics and employment not reported directly to
the President by the head of a department or principal
agency;

(3) One Administrative Assistant in respect of the
problems of information necessary to keep the people advised
of the actions of the Government in the emergency.

One Administrative Assistant to the President, desig-
nated for that purpose, shall carry out the functions defined
in paragraph (b) of Section 6, Part II of the Executive Order
No. issued September , 1939, and shall maintain liaison
between the President and the Council of National Defense, to the
end that the time of the President may be conserved and that he
may be in possession of all pertinent information upon which to
base action required by the emergency, but in no event shall this
Administrative Assistant exercise administrative control over the

Council of National Defense or its subdivisions. He shall serve as a channel of communication between the President, on the one hand, and the Council of National Defense and its subdivisions, on the other.

II

The Council of National Defense, created by Act of Congress approved August 29, 1916, is hereby directed to report to the President through the Administrative Assistant to be designated by the President for that purpose information relating to (1) the Industrial Supply service, (2) the Agricultural Supply service, (3) the Price Stabilization service, (4) the Labor Supply service, (5) the Economic Coordination service, (6) the Transportation service, and (7) the Consumers Protection service.

This Order shall take effect immediately.

THE WHITE HOUSE

September , 1939

file

THE WHITE HOUSE
WASHINGTON

May 13, 1940.

MEMORANDUM FOR THE PRESIDENT:

Re: National Defense and the Railroads.

It is sometimes possible to accomplish something tangible in the economic sphere through the use of moral suasion. I think such a time may have arisen in connection with the railroads and national defense.

1. Undeniably the railroads have allowed their equipment to deteriorate to a perilous extent. They just squeezed through last fall and the equipment orders at that time merely served to offset last year's retirements. I had the NRPB make a study of the present equipment and traffic-carrying ability of the roads and the findings are now available.

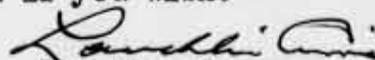
2. One of the most serious bottlenecks either in war or in a period of greatly increased productive activity would be the railroads.

3. Armament and railroad equipment manufacture make demands on the same facilities and are hence directly competitive in war time.

4. The railroad executives are mortally afraid of being "taken over".

5. These considerations suggest that a display of serious concern on your part to a few important executives might very well be effective in materializing hundreds of millions of new orders. This would both stimulate heavy business and contribute toward national defense without cost to the Government.

I shall be glad to prepare a brief memorandum on the facts on which you can draw if you wish.


Lauchlin Currie

(Title 50 - United States Code - War)

CHAPTER I - COUNCIL OF NATIONAL DEFENSE

*"Sec 8
Budget"*

Section 1. Creation, purpose, and composition of council. A council of National Defense is hereby established, for the coordination of industries and resources for the national security and welfare, to consist of the Secretary of War, the Secretary of the Navy, the Secretary of the Interior, the Secretary of Agriculture, the Secretary of Commerce, and the Secretary of Labor. (Aug. 29, 1916, c. 418, par. 2, 39 Stat. 649).

Par. 2. Advisory commission. The council of National Defense shall nominate to the President, and the President shall appoint, an advisory commission, consisting of not more than seven persons, each of whom shall have special knowledge of some industry, public utility, or the development of some natural resource, or be otherwise specially qualified, in the opinion of the council, for the performance of the duties hereinafter provided. The members of the advisory commission shall serve without compensation, but shall be allowed actual expenses of travel and subsistence when attending meetings of the commission or engaged in investigations pertaining to its activities. The advisory commission shall hold such meetings as shall be called by the council or be provided by the rules and regulations adopted by the council for the conduct of its work. (Aug. 29, 1916, c. 418, par. 2, 39 Stat. 649).

See

Par. 3. Duties of council. It shall be the duty of the Council of National Defense to supervise and direct investigations and make recommendations to the President and the heads of executive departments as to the location of railroads with reference to the frontier of the United States so as to render possible expeditious concentration of troops and supplies to points of defense; the coordination of military, industrial, and commercial purposes in the location of branch lines of railroad; the utilization of waterways; the mobilization of military and naval resources for defense; the increase of domestic production of articles and materials essential to the support of armies and of the people during the interruption of foreign commerce; the development of seagoing transportation; data as to amounts, location, method and means of production, and availability of military supplies; the giving of information to producers and manufacturers as to the class of supplies needed by the military and other services of the Government, the requirements relating thereto, and the creation of relations which will render possible in time of need the immediate concentration and utilization of the resources of the Nation. (Aug. 29, 1916, c. 418, par. 2, 39 Stat. 649; Nov. 9, 1921, c. 119, par. 3, 42 Stat. 212).

Par. 4. Rules and regulations; subordinate bodies and committees. The council of National Defense shall adopt rules and regulations for the conduct of its work, which rules and regulations shall be subject to the approval of the President, and shall provide for the work of the advisory commission to the end that the special knowledge of such commission may be developed by suitable investigation, research, and inquiry and made available in conference and report for the use of the council; and the council may organize subordinate bodies for its assistance in special investigations, either by the employment of experts or by the creation of

committees of specially qualified persons to serve without compensation, but to direct the investigations of experts so employed. (Aug. 29, 1916, c. 418, par. 2, 39 Stat. 650).

Par. 5. Reports of activities and expenditures. Reports shall be submitted by all subordinate bodies and by the advisory commission to the council, and from time to time the council shall report to the President or to the heads of executive departments upon special inquiries or subjects appropriate thereto, and an annual report to the Congress shall be submitted through the President, including as full a statement of the activities of the council and the agencies subordinate to it as is consistent with the public interest, including an itemized account of the expenditures made by the council or authorized by it, in as full detail as the public interest will permit: Provided, however, That when deemed proper the President may authorize, in amounts stipulated by him, unvouchered expenditures and report the gross sums so authorized not itemized. (Aug. 29, 1916, c. 418, par. 2, 39 Stat. 650).

MEMORANDUM:

TO: The President

FROM: Louis Brownlow

DATE: May 21, 1940

The Executive Order of September 9, 1939, after listing the five Divisions of the Executive Office then set up, said:

"***and (6) in the event of a national emergency, or threat of a national emergency, such office for emergency management as the President shall determine."

In my opinion it is now necessary to set up this Office for Emergency Management. It should be a part of the Executive Office of the President, and should be organized on the basic principle that regular agencies of the Government will be used wherever such agencies exist, and to the full extent of their availability.

This Office would consist of the following elements:

1. The Council of National Defense, established by Act of August 29, 1916, which is composed of the Secretaries of War, Navy, Interior, Agriculture, Commerce and Labor. To these should be added the Secretary of the Treasury and the Director of the Budget;
2. An Advisory Commission of the Council of National Defense, as provided in the Act of August 29, 1916, to be organized for the purpose of advising the President with respect to and coordinating the organization of the emergency requirements with respect to:
 - (a) Industry;
 - (b) Agriculture;
 - (c) Labor;
 - (d) Price Stabilization;
 - (e) Power and Energy;
 - (f) Transportation;
 - (g) Consumer Protection.
3. An Administrative Assistant to the President to maintain liaison between the President and the Council of National Defense and its Advisory Commission for the purpose of the greatest utilization of existing agencies of the Government, their coordination, and their correlation with such new agencies as may be required. This Administrative Assistant also shall serve as the Secretary of the Council of National Defense and as Secretary of its Advisory Commission;

4. An Administrative Assistant to the President in respect of diplomatic and military matters not reported directly to the President by the Secretary of State, the Secretary of War or the Secretary of the Navy.

- - - -

At the time this problem was discussed with you last September, October and December, you suggested an Administrative Assistant in respect of problems of finance and economics, and another Administrative Assistant to handle problems of information and communication. The first of these has been taken care of by the assignment of Mr. Currie, and the second is no longer necessary since the Office of Government Reports, headed by Mr. Mellett, is a part of the Executive Office.

In all respects, of course, this Division Six of the Executive Office would work in close collaboration with the other five Divisions of the Executive Office, namely (1) The White House Office, (2) The Bureau of the Budget, (3) The National Resources Planning Board, (4) The Liaison Office for Personnel Management, and (5) The Office of Government Reports.

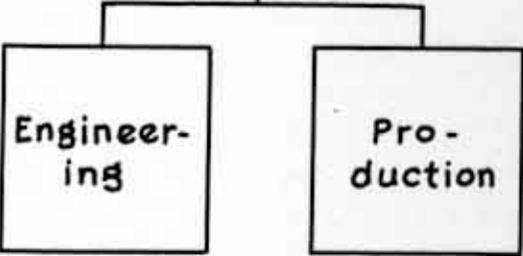
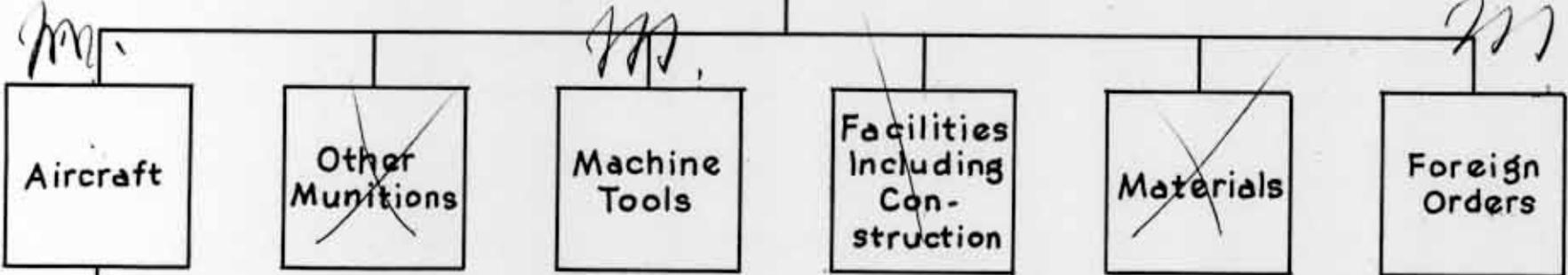
Advantages of this form of emergency organization are that it can be brought into existence at a moment's notice under existing law; it will utilize existing governmental agencies and personnel; it will require only a small number of new setups, only a small number of new persons, and, with the exception of the Price Stabilization service, almost no new legislation.

Another advantage is that it would operate directly under the President, but in such a manner as to conserve his time and relieve him of the difficulty of adjusting the inevitable friction that would arise if a wholly new emergency organization were set up outside the existing departments and agencies.

Still another advantage is that such an emergency management organization could be liquidated at a moment's notice by the action of the Chief Executive.

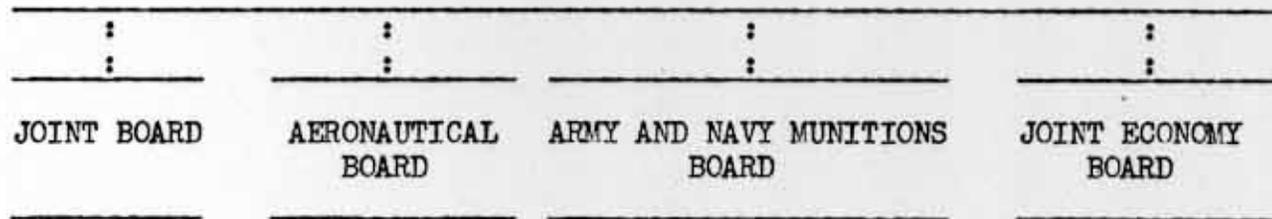
THE PRESIDENT

Army and Navy
Munitions
Board



PRESIDENT

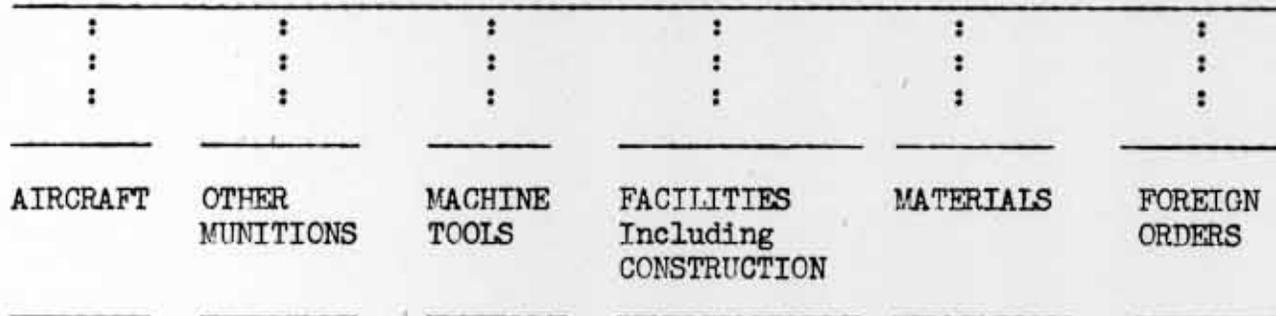
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ADVISORY COMMITTEE FOR
MUNITIONS PRODUCTION

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MEMORANDUM:

TO: The President

FROM: Louis Brownlow

DATE: May 21, 1940

The Executive Order of September 9, 1939, after listing the five Divisions of the Executive Office then set up, said:

****and (6) in the event of a national emergency, or threat of a national emergency, such office for emergency management as the President shall determine.*

In my opinion it is now necessary to set up this Office for Emergency Management. It should be a part of the Executive Office of the President, and should be organized on the basic principle that regular agencies of the Government will be used wherever such agencies exist, and to the full extent of their availability.

This Office would consist of the following elements:

1. The Council of National Defense, established by Act of August 29, 1916, which is composed of the Secretaries of War, Navy, Interior, Agriculture, Commerce and Labor. To these should be added the Secretary of the Treasury and the Director of the Budget;
2. An Advisory Commission of the Council of National Defense, as provided in the Act of August 29, 1916, to be organized for the purpose of advising the President with respect to, and coordinating the organization of, the emergency requirements with respect to:
 - (a) Industry; (Kundson)
 - (b) Agriculture; (Wilson, M. L.)
 - (c) Labor; (Rubin)
 - (d) Price Stabilization; (Forrestal)
 - (e) Power and Energy; (Raw Materials, Power and Fuel)?
 - (f) Transportation; (Budd)
 - (g) Consumer Protection. (Hoan)
3. An Administrative Assistant to the President to maintain liaison between the President and the Council of National Defense and its Advisory Commission for the purpose of the greatest utilization of existing agencies of the Government, their coordination, and their correlation with such new agencies as may be required. This Administrative Assistant also shall serve as the Secretary of the Council of National Defense and as Secretary of its Advisory Commission;

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- Adm. Leahy*
4. An Administrative Assistant to the President in respect of diplomatic and military matters not reported directly to the President by the Secretary of State, the Secretary of War or the Secretary of the Navy.

At the time this problem was discussed with you last September, October and December, you suggested an Administrative Assistant in respect of problems of finance and economics, and another Administrative Assistant to handle problems of information and communication. The first of these has been taken care of by the assignment of Mr. Currie, and the second is no longer necessary since the Office of Government Reports, headed by Mr. Mellett, is a part of the Executive Office.

In all respects, of course, this Division Six of the Executive Office would work in close collaboration with the other five Divisions of the Executive Office, namely (1) The White House Office, (2) The Bureau of the Budget, (3) The National Resources Planning Board, (4) The Liaison Office for Personnel Management, and (5) The Office of Government Reports.

Advantages of this form of emergency organization are that it can be brought into existence at a moment's notice under existing law; it will utilize existing governmental agencies and personnel; it will require only a small number of new setups, only a small number of new persons, and, with the exception of the Price Stabilization service, almost no new legislation.

Another advantage is that it would operate directly under the President, but in such a manner as to conserve his time and relieve him of the difficulty of adjusting the inevitable friction that would arise if a wholly new emergency organization were set up outside the existing departments and agencies.

Still another advantage is that such an emergency management organization could be liquidated at a moment's notice by the action of the Chief Executive.

MEMORANDUM:

TO: The President

FROM: Louis Brownlow

DATE: October 18, 1939

*file
personal*

While, in my opinion, there is no present need for action for a national emergency, in accordance with several conversations I am submitting this tentative suggestion for the organization of the Sixth Division of the Executive Office of the President.

The Executive Order of September 9, 1939, after listing the five Divisions of the Executive Office then set up, said:

"***and (6) in the event of a national emergency, or threat of a national emergency, such office for emergency management as the President shall determine."

In my opinion it is now

~~If and when it should become necessary to set up this Office for Emergency Management, it should be a part of the Executive Office of the President, and should be organized on the basic principle that regular agencies of the Government will be used wherever such agencies exist, and to the full extent of their availability. It should be set up under four headings, as follows:~~

1. An Administrative Assistant to the President in respect of diplomatic and military measures not reported directly to the President by the Secretary of State, the Secretary of War, or the Secretary of the Navy;

2. An Administrative Assistant to the President in respect of problems of finance and economics not reported directly to the President by the head of a department or principal agency;

3. An Administrative Assistant to the President in respect of problems of information and communication;

4. An Administrative Assistant to the President to maintain liaison between the President and the Council of National Defense, for the purpose of the greatest utilization of existing agencies of the Government, their coordination, and their correlation with such ad hoc agencies as are required. The Council of National Defense would be organized in the following principal subdivisions:

- (a) The Industrial Supply service; — *Forrestal*
- (b) The Agricultural Supply service; — *Walton*
- (c) The Labor Supply service; — *Lee*
- (d) The Price Stabilization service; — *Forrestal*
- (e) The Power and Energy Supply service; — *Budd*
- (f) The Transportation service; — *Hadam*
- (g) The Consumer Protection service. — *Hadam*

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Advantages of this form of emergency organization are that it can be brought into existence, ~~if needed~~, at a moment's notice *existing law*; it will utilize existing governmental agencies and personnel; it will require only a small number of new setups, only a small number of new persons, and, with the exception of the Price Stabilization service, almost no new legislation.

Another advantage is that it would operate directly under the President, but in such a manner as to conserve his time and relieve him of the difficulty of adjusting the inevitable friction that would arise if a wholly new emergency organization were set up outside the existing departments and agencies.

Still another advantage, and in my opinion one not to be despised, is that such an emergency organization would be available for any type of national emergency - war, threat of war, flood, famine, storm or pestilence.

^SAnd still another advantage is that such an emergency management organization could be liquidated at a moment's notice by the action of the Chief Executive.

PRESIDENT

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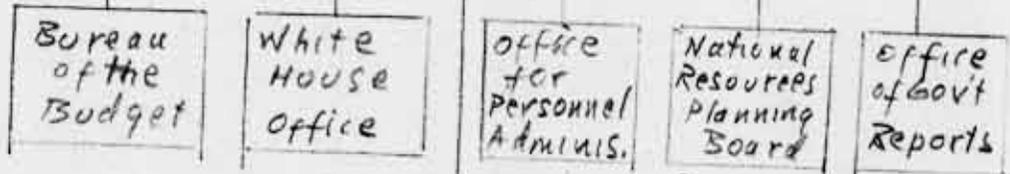
(Cabinet Depts & Agencies)



(Other Executive Agencies)



Executive Office of the President



Emergency Management

