

February 26, 1944

STATEMENT OF GENERAL LUCIUS CLAY:

The War Department feels that an opinion has developed, and that it in underlying tones is to a considerable extent contained in the yearly report, that the War Department is taking a stubborn and determined position against the resumption of civilian production as the demands of military production decrease. This is not the attitude of the War Department. In fact, our representatives with the War Production Board were advised verbally last fall that cut-backs in the military programs would permit some additional civilian production and that their attitude would be to attempt to work out with responsible civilian agencies the resumption of such production to minimize its interference with war production.

This was incorporated in written instructions to the representatives of the War Department with the War Production Board in December. It was our guiding policy with respect to the allocation of materials for the first quarter of 1944. However, we found that it was almost impossible to control new programs to minimize or to completely avoid interference with military production. Many factors enter into this, such as a manifest desire to permit the resumption of a specific civilian item by the various manufacturers on an equitably competitive basis, which lead to the placement of such work in tight labor areas.



In the second quarter allocations of materials there was a substantial decrease in the request of materials by the military agencies and these materials were shifted to the non-military programs. It is true that much of the steel thus made available was shifted to the non-military programs and these programs were also given increased amounts of other controlled materials. There were additional quantities of aluminum and copper which were released from the military programs which were not assigned to other programs. However, the shift in the assignment of materials from military to non-military programs was appreciable and would occasion an increasing shift in the demands for labor.

The War Department is faced in meeting its production schedules with an actual shortage of manpower. This shortage exists largely in the foundries, bearing plants and in the lumber industry. We are advised that there is a serious shortage of manpower in the coal mines and for the operation of railroads and trucks. The War Department regards the maintenance of these essential services as as important to the war effort as a realization of the schedules of military production. The War Department fully recognizes that as the demand for materials for the military programs decreases, more materials must be made available to the non-military programs. However, it believes that the shifting of materials from military to non-military production must be fully coordinated with the available labor supply. At the present time, we are strongly of



the view that the labor which has been released as a result of the cut-backs in its own program will be largely off-set by the demands still to be met under selective service and that the release of this labor will not in the next several months develop a free labor supply. The War Department in its views with respect to a free labor supply believes that there is and must be a compromise position for short periods of time between the full continuous employment of all labor and an appreciable degree of unemployment. Shifts in production will cause local unemployment and a detailed study and effort must be made by the War Manpower Commission to determine the availability of that labor for essential production before it can be declared available for nonessential production.

However, our view with respect to an appreciable increase in civilian production within the full limits of materials and facilities now available is admittedly a short-range view, taken in consideration of the immediate manpower situation. We would be the first to urge the utilization of American industry for the civilian economy when all factors indicate that it can be done without harm to the war effort. However, at the present moment, we are facing an invasion which will involve our military forces in perhaps the greatest effort they have yet been called upon to perform. In preparing for that invasion, there are many items of equipment which are being expedited to the utmost to insure their delivery on time. We do not believe that the controls which we now



have over production can insure that shifts in production with increasing shifts in manpower can be so regulated as to assure no interference with these essential items. Therefore, we have taken the position with respect to second quarter allocations of materials that the existing civilian level should be maintained except for those increases in materials to the essential services, with the entire production field to be reviewed immediately after invasion.

The War Department does not desire and has never desired to be placed in a position of opposition to the production of individual civilian items. We have continuously urged that a production level be established for our civilian economy, either in terms of dollar value of production or in terms of materials allocated to that type of production, and that the choice of items within that level be entirely the responsibility of the appropriate agencies, the only exception being for the War Department and the other military agencies to be given an opportunity to examine and express their views when the programs undertaken within that level result in an increased demand for components known to be in short supply. Of course, this viewpoint is applicable only during that period of war production during which it is found necessary to maintain present controls. The War Department fully recognizes the necessity for a continuing review to determine when present controls should be relaxed.