

Mobilization, Manpower  
(1954) ✓

**NEEDED:**

**A CIVILIAN RESERVE :**

Recommendations of the NPA  
Special Committee on Manpower Policy,  
and  
A Report by Helen Hill Miller

A SPECIAL COMMITTEE REPORT

PLANNING PAMPHLETS

NO. 86

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NATIONAL PLANNING ASSOCIATION

Washington, June 1954

# NATIONAL PLANNING ASSOCIATION

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# **Needed: A Civilian Reserve**

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Special Committee on Manpower Policy  
and  
A Report by Helen Hill Miller**

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**PLANNING PAMPHLETS NO. 86**

**JUNE 1954**

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## BACKGROUND

Early in 1953, the National Planning Association set up a Special Committee on policy for the use of the nation's manpower. After consultation with ranking specialists in various areas of the manpower field, its members produced a report, *Manpower: The Nation's First Resource*, which gave a compact review of the over-all situation.

In the course of preparing these findings, the Committee became acutely conscious of one particular segment of the manpower situation, on which members believed action was urgent: the finding and training of a reserve of executives and specialists from business, union, farm, university, and other organizations in numbers sufficient for the initial staffing of the mobilization effort in case the country should be faced with a further emergency.

Accordingly, the Committee next concentrated its attention on policy for the formation of a reserve of government civilian manpower, properly trained and indoctrinated, and ready for government service on the civilian side of a defense effort. At three meetings, with the experts whose names are listed on pages 46, 47, and 48 of this pamphlet, the Committee discussed:

1. What government personnel procedures are required to find, train and use a civilian reserve of executives and specialists for emergency service in government?
2. What problems are raised by the present form of the conflict-of-interest statutes?
3. What personnel policies on the part of private organizations can regularize and facilitate acceptance of limited government assignments in the mobilization structure by members of their staffs?

As a result of these consultations, the Special Committee

on Manpower Policy became convinced that the rostering of an executive reserve should be undertaken forthwith, and addressed itself to preparation of the recommendations for assembling such a reserve which are presented in the following pages.

As background for these recommendations, the Committee has also decided to make available some of the main questions raised, points of view developed, and data brought forward in the course of its meetings. One of the members, Mrs. Helen Hill Miller, has assembled this material.

The Committee offers its recommendations with a sense of urgency. A review of policy for the military reserve, currently in process at top levels of government, represents one major step forward in the formation of manpower policy. The need for comparable action on the civilian side is no less pressing.

A handwritten signature in cursive script, appearing to read "H. Chr. Sonne".

H. Chr. Sonne, Chairman  
National Planning Association

June 1954

## RECOMMENDATIONS OF THE NPA SPECIAL COMMITTEE ON MANPOWER POLICY

1. *The Need for an Executive Reserve.* Recruitment of an executive reserve should be undertaken immediately, to establish a roster of trained men to staff war agencies in case of a deepened emergency. Intensified military action would not even allow time for improvisation. Personnel should be identified now, both for top posts in war agencies, like ODM, NPA, OPS after the Korean attack and WPB, OPA, War Labor Board, FEA, etc, in World War II, and for less senior posts, such as heads of industry and commodity divisions, procurement, personnel, regional organizations.

Some of the executives required for war agencies can be found in government, but the career service must be augmented to obtain the special knowledge and additional personnel necessary to handle emergency problems such as allocation, price control, scientific development. Outside sources must be drawn on for other special competences in agricultural and industrial production, science, labor relations, and for additional general executive ability to make new programs move.

2. *The Numbers Necessary.* Current thinking about such a reserve is inadequate in terms of numbers: Office of Defense Mobilization plans for a firm reserve of 300 for posts under its direction; The Operations Analysis Division of the Air Force is aiming at about the same number.

In World War II, the staff of the emergency agencies rose from 75 as of June 30, 1940, to a peak of 193,252 in June 1943. The civilians in government rose from slightly over a million at war's beginning to more than three and three-quarters million at war's end. The top executive talent necessary to handle an expansion of this size should be considered in proportion to these figures and before an emergency occurs.

A reserve of five thousand is probably closer to the mark than any figure numbered in hundreds. While rosters currently established should be set up with a view to getting men who would in turn find further executives and specialists, lists should be established with names five-to-ten deep related to the various commodities and controls on which past experience shows that action would have to be taken, in addition to a truly substantial roster of general executive capacity.

3. *The Agency Responsible for the Reserve.* Since the use of this roster would be government-wide, by cabinet departments as well as by the special agencies set up to handle the emergency, its compilation belongs in the Executive Office of the President. It should be handled by the Director of ODM, as the President's designee for this purpose, with representation arranged from other agencies using the roster. An outstanding executive, immediately responsible to the Director of ODM, should be placed in charge of recruitment and training of the reserve.

4. *Sources of the Preliminary Roster.* A nation-wide canvass should be made of available personnel, asking national associations, business and trade groups, labor unions, farm organizations, scientific societies, universities, and experienced individuals to propose men. The ODM should also collect existing rosters and render them usable.

Pitfalls to be avoided are:

a. Caution should be used in accepting men who are offered only because their skills are not needed by their organizations in war time. They generally lack production or other essential experience which the government needs. Training for emergency service in government agencies should not be used by organizations as preparation for individuals to be later chosen as their Washington representatives.

Organizations willing to send men to Washington for a period of government service just prior to an announced

promotion can greatly strengthen the civilian reserve. Thereby, they designate the man as highly capable—they want him back in a position of enhanced responsibility. They communicate confidence in his ability to the career men working with him. They assure the man himself that he will not be shelved and so make him much more willing to serve.

b. Care should be taken in rostering men at or near retirement age. Many of them cannot stand the pace. Korean experience with recalled World War II executives showed a mortality rate of 11.8 percent the first year. Also, knowing how it was done last time would be an advantage in a contemporary setup only to the extent that a man was unusually adaptable.

One alternative would be for older men to remain with their organizations while the younger executives went into government service.

Rostering might be most productive if it used a group of executives in the forty-to-fifty age bracket, and got them to suggest up-and-coming men in their own and in other organizations.

To keep a reserve composed of properly distributed age groups, an adequate intake of younger men, on a continuing basis, is essential.

A delicate balance must be maintained between setting up a roster on the “buddy” principle, which provides a group that can work together, but one drawn from a limited circle, and accumulating a list of able individuals representative of the ability which exists broadly across the population and the country, but which nevertheless might not make a team.

**5. Screening *The Preliminary Roster.*** Once a preliminary roster has been developed, it should be carefully screened on the basis of capacity, temperament, and availability for government work in case of emergency. This should be done by ODM.

After indoctrination, and subsequent to each period of training, individuals should be rescreened by ODM so that

in succeeding years the reserve would contain an ever-improving level of capacities, temperaments fitted for government work and availabilities.

6. *Indoctrination and Schooling.* Since the training of this reserve is a civilian function, the Director of ODM should organize a school, staffed by civilians, capable of handling about 200 men at a time. The school should be in continuous operation.

Each man on the screened roster should be brought to Washington once a year for a two-week period of intensive indoctrination during the first year and in subsequent years for two weeks of reindoctrination and training in actual civilian war problems. On arrival, he should be given a clear-cut incisive written statement on the responsibilities and obligations assumed by a civilian consultant in government, including a review and analysis of the conflict-of-interest statutes. The risks to the public interest as well as the hazards to the corporation and the man should be dealt with fully.

In the school, major emphasis should be put on:

- a. plans for operating the government in a deeper emergency
- b. coordination of industrial production with attendant controls
- c. civil service procedures and relationships
- d. the budgetary structure of government
- e. steps the government uses in acquiring property
- f. participation in government conferences as a visitor
- g. actual practice in the civilian phase of war games and war problems—Example: given demolition of certain war plants, how can replacement of the largest possible base of production for survival be accomplished? Or, how can controls of materials and prices best be meshed to obtain certain production levels? Or, what mechanisms should be used in meeting specific problems of production and distribution of critical materials?

An appraisal of each individual's capacity at the end of each training period should be made in writing by the school and be made a permanent part of the roster.

**7. *Training for Small Groups.*** In ODM, Commerce, Defense, Labor, and other agencies, a small number of posts are available at current levels of emergency in which some of the executives rostered can be currently used, as WOC (Without Compensation) staff members or consultants, or in a few cases as operating staff. Special attention should be given to seeing that these posts are used to maximum advantage in relation to a wartime reserve, including use of the rotation principle.

**8. *Relations with the Career Service.*** Use of consultancies as the normal means of relating outside executives to government is recommended as a method of successfully integrating the permanent civil service and outside civilians, though the latter should be available for operating posts in case of a major conflict. An adequate supply of well-trained civil servants is essential to good integration.

a. In normal times, the permanent civil service can be demoralized if outsiders are brought in and placed over men who have spent their lives in government. As the man in charge, the career government servant will welcome the man with expert outside knowledge, guide him through government intricacies, and see that he is fully used.

b. The public interest is safeguarded by location of responsibility in the civil servant.

c. The conflict-of-interest problem is correspondingly lessened for the man in the consultant's role.

d. The conflict-of-interest problem is also substantially lessened for the organization from which he comes.

e. As a consultant, the executive who comes into government for a limited period can make a more substantial contribution than if he operates. Further he can come and go if need arises, with less disruption than if he is a key figure in an operating structure.

9. *Recognition of the Reserve.* The executive reserve contemplated would be informal in that no hard-and-fast obligatory commitment for service would accompany a man's agreement to belong. Nevertheless, some type of formal recognition by the executive branch of the government should go to the man for his willingness to serve in the reserve and to his company for allowing him to undertake this service.

10. *Payment for Service.* Use of the consultantship is the least disruptive means of handling the financial relation between the government and outside executives. Per diems, travel and maintenance while away from home can and should be provided from government funds; receipt of these would not disturb the financial relationship—salary or pension, stock ownership or fringe benefits—of the individual with the organization in which he is making his career.

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Action in line with these recommendations would make it possible for the country to assemble a roster of executives and specialists and get on with the establishment of a civilian reserve.

More experience in government is desirable than reservists would receive under this plan. A two-week period is recommended because rostering and indoctrination are more important than in-service training at this time; requirement of a longer training period would seriously interfere with rapid establishment of a well-screened reserve of men available in sufficient numbers.

Moreover, in a deepened emergency, it may be necessary for considerable numbers of individuals to assume positions of executive responsibility for which their status as consultants would be inappropriate. In anticipation of this contingency, review of the conflict-of-interest statutes should be promptly undertaken, and recommendations made for legislative changes enabling men to accept such employment without jeopardizing their civilian careers.

*Except for the footnote below, the Committee's  
Recommendations were unanimously approved.*

**Members of the Special Committee  
on Manpower Policy**

David J. Winton, *Chairman*  
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*\* Footnote by J. D. Zellerbach:*

I generally approve this report. In addition to my own re-  
view I have checked with three other members of our or-  
ganization who served the Government in important posi-  
tions during and since the Second World War and they  
concur. I have only two specific comments: (1) The pro-  
posed plan does not give sufficient weight to the desirability  
of using men who have already served in Government; and,  
(2) The two weeks indoctrination period seems to be in-  
sufficient although in view of the number of people in-  
volved it may be the only practical plan.

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# NEEDED: A CIVILIAN RESERVE

by Helen Hill Miller

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## Introduction

Five times in the last twenty years, new and large-scale government programs have suddenly been undertaken to meet an emergency. To staff them, executives and specialists have had to be secured from outside as well as inside government.

The career civil service is necessarily insufficient to fill all of the new posts. Its normal numbers are limited, and so is its familiarity with a wide range of specialties associated with private life—production know-how, pure and applied science, foreign operations, communications, etc.

Until recently, each emergency has been treated as a one-time affair, as though there would never be another. Now, however, thought is being given to an orderly system of finding, training and stockpiling executive and specialist talent.

The National Planning Association Manpower Committee is impressed with the urgency of getting on with this job. Its members have reviewed the main policy questions which must be decided before a civilian reserve can be instituted. They have reached the conclusions set forth at the beginning of this pamphlet, to which they invite the critical attention of other citizens.

The pages that follow summarize the main policy questions that must be considered by the framers of any adequate plan, noting alternative current answers to them. In a series of appendices, data are given on some programs now in effect to ready an emergency reserve of civilian personnel, the size of the expansion that took place in World War II, the profile of government pay scales, the conflict-

of-interest statutes applicable to men from private life in government service.

### **How Large A Civilian Reserve Should Be Identified Now?**

In a number of private companies, executives already have their assignments and their travel orders. In the event of a surprise attack, no further meetings or communications would be necessary. Government is in a considerably lesser state of readiness.

The amount of initial damage that might be done by a surprise attack, and the brevity of time available thereafter to reorganize the civilian war effort raise questions as to how many men should be alerted now for government service under such conditions.

ODM's current plan envisages 300 trained men, available from an identified group of about 3,000, as initial staff for the emergency war agencies. (For this and other current programs, see Appendix I.) Government-wide, how many more would be needed? For ODM alone, is 300 too small a number? Would it be more in line with reality to have 1,000 ODM executives chosen, trained and retrained at intervals? Government-wide, would 5,000 be a proper figure? (Appendix II gives the size of the expansion last time.)

Would it be accurate to assume that 2 to 3 percent of expected total recruitment would be key people, and that these should be rostered five-to-ten deep to allow for losses and unavailability in a showdown? Or is 10 percent a better figure? Since industry too would have sudden new demands in case of emergency, how deep a bite can government take?

### **Rostering—What Kind, By Whom?**

Establishment of rosters of potential government executives and specialists is the first step. What kind of rostering works best? (Long, unclassified, unevaluated, out-of-date lists are obviously not the way to do it.)

How often must lists be updated? Ninety days? Twice a year?

What central point in government should be the focus of the rostering program? Should it be done in the White House, in direct relationship to the President? Should it be done in the Executive Offices of the President, with ODM inviting representation from those agencies of government, other than the ones developed under ODM, that would make use of outside personnel? Should it be done in the Civil Service Commission? Should it be done on a decentralized basis in the various agencies? Where?

What specialized facilities exist for rostering? For some kinds of personnel—scientific experts, for instance—identification could be initiated by the professional societies to which such specialists belong. Trade associations, labor organizations and management consulting companies also have facilities useful for proposing both specialists and general executives. College placement bureaus vary in quality, but some have excellent records of their graduates which could be consulted by government rosterers. Several educational institutions are now conducting executive development courses—Harvard, Cornell, MIT, Stanford.

Some emergency operations are handled by branches of the government that also carry on peacetime functions. Rosters of executives with experience in these lines are probably best maintained on a decentralized basis in the continuing agency—National Production Authority rosters in the Business and Defense Services Administration of the Department of Commerce, for instance.

But some emergency structures, like price or rent controls, are not attached to any regular agency, and go out of existence entirely when their work is ended. A central location for rosters related to these functions is necessary. Should the Civil Service Commission establish and maintain them? Or is ODM preferable?

Are short rosters—of men who can find men—preferable to longer lists of classified talent? Some executives with World War II and Korean experience have suggested the establishment of a high-prestige group of perhaps 60-100 top-level business, labor and other executives who would be

designated by the President as on call to come in themselves in an emergency and meanwhile to have in mind the people down the line who should be called in turn. The group would operate in the Executive Offices of the President, with an executive secretary and staff; at periodic meetings, members would be briefed, with presentations by high civilian and military officials. In the light of this information, they would make their selections. Their pulling power would be great enough to draw in those whom they asked to serve.

On an informal basis, and a smaller scale, this is about the way WPB was staffed; with WPB as a background, and somewhat more advice from trade associations and industry groups, the executives for the Korean agencies were similarly assembled. The "buddy" system was the only system available.

But in a long-continued period of partial emergency, the presence of an elite group of 60-100 men in the President's Office might easily be made the basis of political attack—the Justice Department might get interested. The prestige which would be a feature of such a group might be an advantage to those who were inside, but a source of friction with the larger number of important executives who were outside.

Also, to what extent is the government justified in delegating to private persons the appointive power? If staffing were on this basis over broad areas of government, would the political reaction be considerable? Staffing of the petroleum administration with industry-chosen executives in World War II and after Korea has been uniformly agreed to have produced smooth functioning in a complex field. But the possible conflict of interest in such a situation has been noted too.

In addition to maintaining the "buddy" system of recruitment, such a structure could accentuate a further feature that might be called the "alumni" principle. The obvious choices for membership in a White House-designated group of top executives are the men who have

served with distinction in previous emergencies. It is frequently said of generals that they spend the early months of each new war fighting the previous war with the benefit of hindsight. Only later do they recognize and accommodate themselves to a situation in which new methods are more applicable than "the way we did it before." It is possible that comparable weaknesses might be observable in civilian top commands.

If rostering is undertaken with an eye to men who might be available a few years ahead, moreover, care must be taken to see that considerable spread exists in the age groups represented on the roster. Experience with the field offices of the National Production Authority is a warning. Between V-J Day and Korea, less than five years elapsed; 69 percent of NPA field personnel had had World War II experience. The mortality rate in their first full year of operation was 11.8 percent. When NPA closed down, the average age of the technical and industrial specialists on the field staff was 57 years.

### **What Age Groups Should Rosters Include?**

**Junior Executives.** If a stockpile of government experience is to be accumulated, it is important to concentrate at least a part of it in men who are young enough now to be available in case of emergency ten years or so down the road.

Further, if it is decided to ask certain junior men to serve in a regular post for a time after their initial training, the problems of compensation are less. A younger executive is likely to be making a salary in the seven-to-ten thousand dollar range. That range will be available in the type of post he is likely to occupy in government.

**Men of Retirement Age.** Men who are at or near retirement age are in a position to make a definitive break with their companies. Many are attracted to the idea of a period of public service as they would not have been in the years of their private careers when they were on the way up to top responsibilities. If a deepened emergency should come soon, they would have much to offer. On the

other hand, men of that age are less likely to be flexible than their juniors, less likely to adapt quickly to differences between public and private procedure. And because of their age, they are unlikely to be available a decade hence.

Young Senior Executives. Highest priority in rostering should probably be placed on men in their forties or early fifties, especially if they can undertake a period of high-level government service now, and be available subsequently. Such men, however, probably represent the greatest recruiting problem. With them, compensation difficulties are at their maximum. With them, the problem of the effect of government service on their subsequent career is most acute.

Before such men can be obtained, clarification of the conflict-of-interest statutes will be required in relation to many posts, though not those which carry exemptions under the Defense Production Act. But a more important clarification is required in the attitudes of their organizations toward government service by men marked for advancement within the organization. Some companies, over the last two decades, have adopted the point of view that it is of value to the company, as well as a public service, to have its rising executives spend a period in government. Others, however, firmly maintain that while government service may be necessary in an all-out emergency, short of that they intend to keep their team intact and occupied exclusively with the company's job.

### **Initial Screening**

In all three groups, initial selection must take account of the fact that a man can be an outstanding success in business, yet fall flat on his face in government. He may be too readily irked by the number of people whose consent must be obtained before a project can get under way: it is greater in government than in private enterprise. He will need ability to deal with people, as contrasted with ability to deal with problems. He must know the difference between private and public interest—the emergency executive

who writes back to his company, "I've been here six weeks, and I still haven't been able to find out anything about that matter we had in mind," can be relied on to let both his boss in private life and his boss in government down. Men must be found who are both sensitive and savvy, if they are to be entrusted with broad powers and to exercise them in the public interest.

### **Classification**

Classification of the rostered names by general areas of competence is necessary to maintain a balanced stand-by force. The exact structure of mobilization machinery, experience shows, cannot be forecast in advance. But government action on the production and allocation of critical materials, transportation, prices, etc., can be foreseen, as well as the need for increased numbers of general executives. Adequate supplies of specialists in science, industrial relations, the handling of materiel, should be provided. And if they are, the willingness of men who are asked to serve in the reserve will be increased by the conviction that they have a real and specific job, worth their while to perform.

### **Training for Rostered Personnel— What Kind, How Long?**

Once a screened, classified, current roster is available, what needs to be done to give its members a general orientation in government procedures, a working familiarity with present plans? What refresher methods can best keep up to date men who have already served?

There is wide divergence of view on the minimum time required for indoctrination and the extent that it should, or should not, be followed by periods of actual service.

One view favors concentrated briefing for rostered executives carried on for two weeks once a year. The initial period of work should include: an introduction to civil service procedures—how the government moves to get things done; a description of procurement and budgetary practices—how

the government gets things ordered and paid for; an account of the plans which government has ready for emergency application. Subsequently, the time should be used for updating on plans and for consideration of problems on a civilian war games basis. According to advocates of this type of training program, the actual structural details in an emergency are bound to be different from what has been foreseen; there is consequently little use giving a man prolonged training for a specific slot that quite possibly wouldn't be there when the time came for him to serve. Moreover, under normal conditions, the size of the government operation would not allow in-service-training for more than a small percentage of the roster.

A second body of opinion advocates a 90-day period of training. Within that time, a trainee could be given a month's indoctrination covering government structure, government procedure, and the functions performed by the agency to which he would be likely to be attached. Then he would take a 60-day assignment in one of the planning divisions, to get a first-hand feel of the administrative process.

In three months, proponents of this view believe a man can get into the swing of things, yet such a program is not too disruptive of either the government's or his own regular work. His company or other organization is already used to leaves of about that length in connection with the military reserve; his normal assignment can usually be handled for that length of time without a replacement; he does not have to uproot his household.

At the end of the three months, it is thought that the administrators with whom such a man has been associated would have had time to make up their minds as to whether he would or would not make a good government executive; and he would have decided whether he would like to be associated with subsequent programs. If he met requirements, and was willing, he could then be recalled for briefer periods to update his experience annually.

A third group, including businessmen who have served in government, think a 90-day training period too short to serve its purpose. They hold at least another 3-month period necessary if such a program is to make sense. At the end of his first 3 months, they say, many a businessman or other private executive sees government as an enormous chaos. He has to stay longer if he is to find his feet, and if administrators of the training program are to have an adequate basis on which to size him up. These proponents are mostly in favor of a 6-month-to-two-year period which would combine training with service, and service in spots that require exercise of responsibility as well as posts of observation. They say a man is no particular good until he has a few conflicts under his belt.

### **Compensation—How Much, From Whom?**

The decision on how long to train rostered personnel, and whether to combine a period of training and a period of service, is complicated by several factors. Outstanding among them is the problem of compensation.

For very short terms, trainees could continue to be paid by their organizations during their period of indoctrination, with travel and maintenance supplied by the government. But if training is supplemented by a period of attachment to an agency, continued use of the WOC (Without Compensation) category becomes difficult.

Consultantships can take care of some of the problems; they make executives available to government without breaking normal connections. Yet it can be claimed that under this system such connections, while not broken, are likely to be fractured. A man who tries to maintain two desks, one at his government job and one with his private organization, giving some time to each, risks burning himself out trying to do double duty. At the same time, divided attention may keep him from getting in deep enough in either assignment.

But where service includes operational responsibilities,

consultantships can no longer be used. Executives in such posts must be transferred to government payrolls.

Except in the grades occupied by junior executives, there is likely to be serious discrepancy between government pay scales and the salaries of men brought into government from business. Over the past 15 years, the numbers employed in government in the upper salary grades have increased fairly rapidly, and new top grades have been added to the salary scale. (Appendix III shows the numbers employed in grades of GS 9-\$5,060-\$5,810-through GS 18-\$14,800-for the years 1939-52.) But there are only 60 persons employed in GS 18, and that is the highest available grade for officials other than Presidential appointees of Cabinet rank. Corporation executives of vice presidential or presidential rank, top union officials, or heads of major laboratories can hardly undertake government service on the public payroll without a financial loss that few are in a position to take. If such men are to serve, in other than exceptional cases some device must be found for enabling them to get the same amount of money that they normally get: either the government will have to give it to them, or permit their normal employer to do so.

Moreover, if the executive who goes on a public payroll has to sever his connection with his organization permanently, his company fringe benefits complicate his decision further. In many companies, fringe benefits—group life insurance, hospital and surgical coverage for himself and family, payment of professional and club dues, lunch in company dining rooms, stock purchase rights, participation in pension plans—may be worth as much as 25 percent of a man's salary. The cost of supplying himself, on an individual basis, with the coverage of various sorts that is being supplied by his company would be prohibitive even where possible. Yet from the standpoint of the conflict-of-interest statutes, it is not enough for a man merely to divorce himself from his paycheck, if he maintains these other relations with his company. So in many cases, a condition of tem-

porary public service by executives whose organizations recompense them at levels and with benefits unobtainable in government is the provision of categories of government employment which permit them to serve while remaining on the rolls of their organizations.

Public Law 600, enacted August 2, 1946, permits authorized department heads to obtain temporary services (up to one year) from experts, consultants, or organizations thereof, without regard to the civil service and classification laws. Under other legislation, various agencies are authorized to make use of this same provision: Section 303 of the National Security Act of 1947 specifically gives the Defense Department this authority, and Section 710 of the Defense Production Act gives similar authorization to the defense production agencies. Agencies which have made use of this provision include ODM, OPS, rent control, the General Services Administration (for procurement), the Small Business Administration, and the Departments of Agriculture, Commerce, and Defense (though Defense has made relatively little use of the provision because of the limited kinds of personnel covered, and the restriction of their employment to one year).

These provisions take care of many cases, and in a period when governmental functions exercised by outside executives are as nearly confined to planning as has been the case since the Korean defense structure disappeared in a return to normalcy, no adverse public reaction is noticeable. Neither is there likely to be strong adverse sentiment in case of acute emergency. But there is great likelihood of adverse feeling in a long-continued mobilization of some depth.

But, in any case, areas are left uncovered by present statutes in which the use of outside executives is highly desirable. (Appendix IV gives a summary of the main provisions of these laws.) Section 710 clarifies the position of "persons of outstanding experience and ability," but by doing so it makes all the more cloudy the status of others who do not readily fit into this category. Among these are the

younger executives in the \$8,000-9,000 class whom it is particularly important to train in anticipation of the long haul.

### **Why Go To Washington?**

Still more important than specific problems of compensation in obtaining service by outside executives and specialists in government posts are the attitudes of the organizations from which they come.

During a world war, corporations, unions, farm groups, universities yield fairly readily to government demands for men. Business as usual is out, and the exigencies of survival submerge many problems which in times of lesser strain are very real. But when the country finds itself, as one commentator has put it, "in an emergency position on a continuing basis," the situation is different. In times of lesser strain the number of outside executives who willingly make themselves available for government posts can be counted on the fingers of very few hands. It is a rare Federal administrator who calls for outside assistance on a government project and gets his first choice, or even his second or his third, to take the job.

At the present time, many private executives explain their disinclination on the ground that "In times like these, if a man goes to Washington, everybody assumes that all he's there for is to look out for the interests of his company." Certainly in a time of lesser emergency more questions are likely to be raised as to whether the public interest is being adequately and exclusively served if public policy is made by men who are only temporarily detached from powerful private interests. Congressional committees are watchful for matters to investigate. Columnists are eager for sensational copy. A formidable array of conflict-of-interest statutes is on the books, some of which provide criminal prosecution for transgressors. An executive coming to Washington has to ask himself whether he cares to risk trial by court, ordeal by column, citation by committee.

He also has to ask himself what will happen to his posi-

tion in his organization. How does the front office feel about people who take time out for a stint in government? Will there be a job for him to come back to? What about his place on the ladder of advancement within his company, his union, his university?

Companies often think of a man who is willing to go on a tour of government duty as a somewhat unstable character. This basic attitude is apt to affect the man more than his uneasiness about his relation to the conflict-of-interest statutes, and at times more than the pay differential which he may be obliged to take if he comes to Washington. He recognizes that government service entails risk of his subsequent advancement in the company.

Quite the opposite impression can be produced when corporate management, or the boards of other organizations furnishing men to government, make it clear that the men who go into service from their company are men whom they regard as their topflight executives. If a company includes periods of government service as part of the normal activities of the men whom it wishes to advance within its management, personnel policy can be arranged so that such service causes minimum internal disruption. The break can come as the man in question moves from his current job to the next step up the ladder. The man whom he will succeed in that post can remain there during his absence. If the promotion is announced as the executive in question leaves for Washington, several objectives can be accomplished. The company leaves no doubt that the man is wanted back at the end of his government service: that assures the permanent civil servants with whom he will be associated that this is a top man rather than a gift horse; and it reassures the man that his career is being furthered rather than set back by this type of absence. The high visibility of the simultaneous corporation promotion and government appointment improves the general business attitude toward an executive reserve.

If such arrangements, already envisaged in a few companies, are to become general, however, the terms of service

of such executives must be agreed to in advance, and the agreement honored.

If through both company and government efforts, temporary absence could be given a place in a generally recognized, nationally accepted structure, government service by civilians from private organizations would cease to appear as an individual idiosyncrasy. At present, no public recognition is given to men who serve in civilian capacities comparable to the military reserve. If an individual from a company, a union, a university does a job for the government, it is held to be because that particular job appealed to that particular individual, and his particular organization was willing to let him go. His service is not ordinarily thought of as illustrating a general policy of performance of civilian obligations, or provision for such performance by private organizations.

### **Identification of the Civilian Reserve**

This raises the question of the desirability of further identification of the civilian reserve. Present stockpiling of executive experience is on a "when, as and if" basis. The man who comes to Washington has no formal commitment to come back if the emergency deepens. He has been acquainted with a given set of government problems. He has quite possibly been given an incentive to serve in the area of his training, on the ground that his contribution anywhere else would be less. But when the chips are down, his situation is very different from that of a member of the military reserve.

Should legal recognition be given to a reserve for war production, on a voluntary basis, but comparable to the reserve for military service and coordinated with it? It is known now that in case of war sizable segments of the country's manpower would be used in government administration and in production, as well as in uniform. Adherents of a specialized, formal, civilian reserve, recognized by the military, stress that if the men who would be indispensable—general executives, scientific experts, special-

ized tool and die makers—were earmarked in advance, speed would be gained, and confusion diminished in case of sudden emergency, and they think that it should be considered along with the current revamping of the military reserve.

But very considerable legal problems would be raised by an attempt to establish a government-wide civilian reserve. For its planning functions only, ODM could set up such a structure on the basis of existing authority, under the National Security Act of 1947, since ODM is the legal heir of the National Security Resources Board envisaged by that Act. But establishment of a general reserve would require a further statute.

Then too, in the structure of the armed forces there is a known foreseeable need for officers and men of given grades. By contrast, the structure of mobilization has varied with each emergency, and from the standpoint of effectiveness, this flexibility may be a very considerable asset. So the civilian reserve structure should probably be related to a fairly loose collection of classifications according to experience—materials control, price control, wage stabilization, procurement, expediting of production. Once a man understands government, he can be useful in a wide range of categories.

Nevertheless, the difference between the matter-of-course recognition of government claims accorded by companies to military reservists called up from their staffs for periods of active duty, and the dubious attitude with which many corporations view temporary government service in a civilian function, is a definite handicap to the stockpiling of executive capacity.

Should some form of recognition by the government—a membership scroll that can be hung on an office wall, for instance—be instituted to give civilian service a status somewhat comparable to that of the military reserve? Would government-wide roll-of-honor certificates, issued by ODM to civilians who have served in temporary assignments, be

a help in modifying attitudes in those companies that are largely unwilling to let their members go? Should major trade associations be brought in on this project to aid in industry recognition?

### **What Happens Afterwards?**

In those corporations where personnel policy is favorable to periods of government service on the part of men marked for advancement, the problems of executives returning to private employment are at a minimum. But even they have to readjust, and business executives from firms with less liberal policies are likely to find new and junior men well up on their former ladders.

For men from other occupations, the transition is likely to be still more difficult. The home-coming lawyer who has passed some months or even years in Washington can expect to find that his best clients have transferred their affections to other law offices. The scientist who returns to his university or his research institution will observe that ranks have been closed around his former place—work had to go on meanwhile. The same is true of engineers, accountants and most other professionals. Especially for these men, the transition from government back to private life is at present even more haphazard than recruitment from private life to government was in the first place.

One proposal for facilitating the placement of professional men who are completing a tour of government duty suggests the establishment of an association, composed of industrialists and college presidents, to act as a clearing house. Members of the association would be sufficiently representative for information coming from them to be regarded as from a highly competent and neutral source.

When a specialist was nearing the end of his government service, the association would give wide circulation to his detailed record in private employment before coming into government and in government, with his government performance buttressed by letters from his associates and superiors, together with the information that he would

shortly be available. Proposed from such a source, he would very probably be placed to advantage by the conclusion of his term in government.

A record of subsequent placements in important jobs of men who had been willing to come into government would make recruitment vastly easier, by lessening the prospective employee's fear that after his service was over he would have an expensive interval while he re-established himself, and possibly not be able to regain the private ground lost while he was in government.

The existence of such an association would lift the terminal period of civilian service by private executives and specialists out of its present case-by-case haphazardness and make proper placement of those who had served a matter of general public policy.

### **How Should Private Executives be Meshed with the Career Service?**

Properly worked out, the relation between the part of the staff of government that is on a career basis, and the part which is brought in temporarily from careers in other fields can be most advantageous. But it must be properly worked out. The outsider must be allowed scope for use of the special knowledge that makes him an asset, though through clear-cut channels and recognized procedures available for review. At the same time, he must not eclipse the permanent personnel.

Where outsiders are brought in for training only, in an identifiable group which is recognized as a pilot operation in view of a possible emergency, the regular staff is not likely to be disrupted. If, however, the service is widely opened to temporary people, before long there will be far fewer permanent people. When positions throughout government are set aside to be filled on a system of rotation in order to create a reserve, persons who might stay in the posts longer if they were given a chance to do so are prevented from becoming permanent employees.

There is also the question of prestige. The career civil servant will never get the pay that first-rate private executives are able to secure. If he is also denied the prestige of reaching the top of his profession by the presence of outsiders who use his knowledge of government procedure as a crutch, there will be relatively little to which he can aspire.

The political appointees, the Presidential nominees of Cabinet rank and the holders of "confidential and policy making" jobs under Schedule C, serve a necessary and useful purpose in supporting the philosophy of government which the administration of the day was elected to pursue. But enough scope must be provided within the career service for its members not to feel squeezed between the administrators who are brought in to represent a political philosophy, and the trainees who are brought in to get enough familiarity with government to constitute an executive reserve.

In the British Civil Service, the permanent top official has a prestige and an influence which may equal or outweigh that of the politically appointed minister of the department which he serves. While this structure is probably not entirely suitable to American conditions, a study made for the Hoover Commission recommended its adoption to the extent of opening one Under Secretaryship or one Assistant Secretaryship in each Department to the career service.

The reserve training program has aspects of an adult education exercise. Its dimensions must stop short of the point where civil servants wonder if Uncle Sam might not get more use of his permanent servants if they didn't have to spend so much time training the temporary ones.

Yet there are two ways in which the temporary presence of the outside executive can be of great use to the career service.

An able outsider can ask questions which would never occur to the man who has known all about the job for

years. By forcing those around him to rethink standard answers he can push many a program off dead center. (On an industrialist-to-industrialist basis, this happened in the War Production Board during World War II after the Truman Committee refused to allow industrialists who came into the Board to administer the operations of their own industries. In government posts concerned with other areas, they asked fresh questions of the bureaucrats in industry and the war effort was quickened exactly because they did not know from way back what could not be done. Profiting by this experience, some government administrators today are urging temporary assignments of government staff to industry, to do for industrial bureaucracy what incoming industrialists can do for the bureaucracy in Washington.)

The Washington bureaucracy is not only stimulated while the outside executive is temporarily present; it is served by him after he goes home. As a public figure, the bureaucrat is rarely beloved. Government structure under modern conditions cannot fail to be large, powerful, and penetrating. To the extent that public service is performed solely by a group apart, antagonism to it can grow and become a stereotype in the public mind. To the extent that men in many sectors of private life have known the problems of governance at first hand, this corrosive stereotype cannot become fixed. They've been in the bureaucrat's chair themselves. Such mitigating knowledge, by-product of temporary government service by outside executives, is a public asset too.

## APPENDIX I

### Present Systems for Training and Using Private Executives and Specialists

Three programs, currently in use, show arrangements under which executives and specialists from private organizations are being found, trained, and stockpiled by various branches of government.

#### 1. In the Office of Defense Mobilization:

The Assistant Director for Manpower in ODM was charged last year with the development of a program to fill some 300 emergency posts in Washington below the Presidential appointee level. Steps envisaged included:

- (1) *Rostering.* It is thought as many as 3,000 would have to be rostered in order to get 300. Existing lists of public agencies and private organizations would be consulted.
- (2) *Classification.* The roster should be categorized by selected skills.
- (3) *Selection.* Following screening, choice of 300 from the roster would provide a nucleus for training.
- (4) *Recruitment.* Two efforts must be successful if the men selected are to be secured: Their organizations—corporations, unions, universities, etc.—must be willing to have them serve, and service must be given the kind of prestige that makes the men themselves want to come.
- (5) *Indoctrination.* The recruits would be given lectures and seminars in Washington to supply them with the background of mobilization; up to 3 months time should be spent on indoctrination, with a certificate given on successful completion of the course.
- (6) *Training.* To the extent possible, training would include on-the-job work in mobilization planning. However, it is not contemplated that the trainees

would be put on government payrolls or take part in operational activity.

This proposal, which is in process of review by an Advisory Committee to ODM under the Chairmanship of Thomas R. Reid of the Ford Motor Company, is directed to the accumulation of a reserve for emergency operations in the Defense Mobilization agency only. The types of programs for which executives would be trained include control of materials, estimates of production requirements, and stabilization measures for prices, wages, rents, labor disputes, etc. Within that limited scope, the formation of a reserve can be undertaken with little if any enlargement of existing legal authority, and on the basis of a budget far smaller than if the effort was government-wide.

2. In the Business and Defense Services Administration of the Department of Commerce:

Since October 1953, executives from industry have been used in the 25 industry divisions of the newly established Business and Defense Services Administration. Under the Assistant Secretary for Domestic Affairs, these businessmen serve on a WOC basis for 6-month periods as division heads. They have career civil servants as their deputies to give continuity.

Their work has been operational to the extent that functions remain from the former National Production Authority. They have issued limitation orders in the eight or ten cases—magnesium and titanium are examples—where the amounts left over from military requirements still had to be divided among civilian users. But mainly, they concern themselves with supply potentials, stockpiling levels, etc. They also channel information to industry, pointing up new processes developed in the Bureau of Standards, in the universities, in other countries, and new distributing methods, new marketing opportunities. They forecast requirements for various products in line with population trends. The rotation in office practised in these posts builds

up a backlog of men, familiar with the processes of government.

3. In the Operations Analysis Division of the Air Force:

Air Force estimates indicate a need for about 300 "analysts" in case of full mobilization. These are civilian specialists, natural scientists and social scientists, who work on operational problems that develop in the various air commands. In the course of the last few years, an organized effort has been made to maintain a stand-by roster of men with some experience with the type of problem with which the Air Force would want them to deal in case of an all-out war.

In 1948, a screening of those who had served in this capacity in World War II produced about 100 men both wanted by the Air Force, and willing to continue a stand-by relationship. After the Korean outbreak, some 50-60 additional analysts were also committed to some degree of continuing service. To have those men available at short notice, it is necessary to keep their security clearances up to date; for that, they must be actively assigned. Two types of assignment are in current use.

(1) A central Board of Consultants is being maintained with 25 members drawn from the universities, industrial research centers, and government research projects.

2) For the past two years, the Air Force has had contracts with two universities for stand-by operations analyst units and a third unit is under consideration. The University of North Carolina and Iowa State University have agreed:

- (a) To recruit 15-20 people from their own staffs and from nearby industry.
- (b) To indoctrinate them regarding the Air Force mission and organization, and the operations analysis job.
- (c) To send them on active duty for a minimum of 2 weeks during the year. (The period has frequently run up to 6 months; a fifth of the men enrolled have been in Korea and the Far

East; a usual combination of time is the summer vacation plus one term or one semester of the college year).

- (d) To pay members of the unit up to 40 days a year, for work on Air Force problems done in their spare time at the university. The men are encouraged to take back to their institution, for further work there, problems which they identify when on active duty. The university sets a per diem equivalent to the Civil Service grade the man would have if he came on active duty in the Air Force; the grades run from a graduate student at something below Grade 11 to a physics department head at Grade 16.
- (e) To let members of the unit go on active duty in case of war. Members of the Iowa unit have been used at the Strategic Air Command at Omaha, and the Air Defense Command at Colorado Springs; members of the North Carolina unit at the Tactical Air Command at Langley Field, Va., and the Air Proving Ground Command at Elgin Field, Florida.

Just how many men this stand-by arrangement would actually make available to the Air Force in case of war is uncertain. Men thus recruited are committed on a "more or less" basis; perhaps as many as half of those in the group might be unavailable if full mobilization became a reality. Some of them would have reserve status with branches of the military establishment other than the Air Force.

Two already-taken decisions would facilitate use of these men in the area for which they have been trained; the Air Force has the prior agreement of their universities to let them go, and regular Air Force reservists have been assured that they will not be recalled to active duty as officers if they will come in as analysts. The Air Force will also make an effort, if a member of one of its stand-by

groups is drafted, to secure him for the Air Force and then release him for service as a civilian in the group with which he has been trained. A proposal for establishing a Technical and Scientific Personnel group as a special part of the Selective Service system has so far failed to get the endorsement of the air arm.

## APPENDIX II

### Staffing Government Programs in Recurring Emergencies 1930-1952

In the 1930's, an alphabetful of agencies was established to combat depression: RFC, NRA, AAA, WPA, PWA, NLRB, and so on. The skills to administer these programs included banking, industry, agriculture, construction, labor.

On a limited scale in 1940, and on an all-out basis after Pearl Harbor, the requirements of World War II brought into being the Advisory Commission to the Council of National Defense, the Office of Production Management, the Lend-Lease Administration, the War Production Board, the Office of Price Administration, the Office of War Information, Selective Service, the War Manpower Commission, the War Labor Board, the War Shipping Administration, the Foreign Economic Administration, etc., etc., in addition to new civilian personnel in the War and Navy Departments.

The change in the dimensions of weapons research that accompanied the Manhattan Project led to the postwar establishment of the Atomic Energy Commission for research and development of war-and-peace uses of nuclear energy.

In 1948, institution of the Marshall Plan produced a sudden requirement for economic and technical know-how with overseas experience.

The new military build-up after Korea saw civilians assembled for service in the Office of Defense Mobilization, the National Production Authority, Office of Price Stabilization, the Office of Rent Control, and so on, in addition to new civilian personnel in the Defense Department.

In all of these cases, part of the necessary administrative staff for the new programs was found among civil servants who are making government their career. But another part was found outside government, among citizens who did not intend to make government their career, but who

were willing to serve in government posts for limited periods.

This type of government service by private citizens is necessary for two reasons. Under normal circumstances, about twenty-five times as many people are employed in private enterprise as in the Federal Government. The sheer size of emergency government operations requires drafts to be made on this larger and better paid manpower pool in order to obtain the necessary amount of general executive capacity.

Further, for successful operation of such programs, specialized skills are needed, detailed competence in the fields of industry, labor, agriculture, science, informational activities, foreign operations.

#### *The Size of the Civilian Recruitment Problem*

The volume of government recruitment of civilians necessary in an acute crisis can be measured from figures on the expansion of both the emergency agencies and the regular departments of the government during World War II.

As of June 30, 1940, Federal civilian employment was 1,014,117. Of this, the Post Office accounted for 303,654, the armed forces for 255,543, and the Veterans Administration 39,873. All other agencies together employed 414,972. The staff of emergency war agencies numbered 75.

A year later, the summer before Pearl Harbor, the emergency war agencies alone had found over 20,000 new recruits for a total employment of 20,217. The armed services had more than doubled their civilian personnel, from 255,543 to 543,153. Total Federal civilian employment numbered 1,370,110.

In June 1945, the total of civilians in government peaked at 3,769,646. Of these, 2,634,075 were working for the armed service departments. The emergency war agencies had reached their top figure—193,252 employees—in 1943, and had been reduced by nearly 20,000 to 173,432 in mid-1945.

By June, 1949, total civilian employment in Federal service had dropped back to 2,109,642, of whom 879,875

worked for the armed services. Only 2,642 were left in the emergency war agencies, the last of whom was gone by March of the following year.

Table I gives a breakdown of employment, by agency, 1939-1949, for both emergency agencies and regular departments.

Table II shows an even longer history of employment for one regular department, the Department of Commerce. It covers the 50 years 1903-1953, indicating the functions performed in that agency in two world wars, several depressions, and the Korean emergency.

### *Haphazard Civilian Recruitment and Indoctrination*

The spectacular civilian recruitment of World War II was largely without plan. Its scale was not repeated in the two subsequent emergency recruitment efforts, for the Marshall Plan and Korea, but its lack of method was largely duplicated. Each was handled as a crash operation. Executives were plucked by long distance telephone: This is a hurry call; drop everything; come in and help get the job done.

In part, staffing drew on lists prepared by industrial leaders across the country. Much of it was on a "daisy chain" or "buddy" basis—each incoming executive, tagged by the man appointed to head a program, in turn tagged other men he happened to know. In some cases, as in the petroleum administrations of World War II and Korea, the industry agreed on who should staff the related governmental structure.

When the new recruits arrived, most were without any experience in government procedure. In some cases, the men who assembled them made provision for some form of indoctrination, to give at least a rough and ready idea of how government works. Someone from the Civil Service Commission sketched agency structures. Someone from the Budget Bureau outlined government procedures. Some-

one from the General Accounting Office explained how Federal departments keep books.

But many incoming administrators did not have the benefit of even the most elementary briefing on the methods of work of the vast establishment into which they had been transplanted with no concern for their roots. Under pressure, they had to catch on and operate as best they could. And when their jobs were done, they boarded a plane and disappeared.

### *Inadequacy of Civilian Service Records*

The service records kept on civilian employees contrasted with those of the armed forces.

In June 1939, just before World War II began, the armed forces of the United States—Army, Navy, Marines, Air Force, Coast Guard, all combined—totalled 344,537 men in uniform. The June before Pearl Harbor saw a five-fold increase to 1,819,437. The June after Pearl Harbor saw more than a ten-fold increase to 3,917,441 men. Three years later, that total had again more than trebled—in June of 1945, when V-E Day had passed and V-J Day was approaching, the armed forces reached a peak of 12,294,564.

Demobilization was even more rapid than recruitment. By June of 1946, U. S. military manpower had shrunk to 3,057,852; by 1948 it stood at 1,465,510, or less than pre-Pearl Harbor strength again. With Korea, came a need for quick rebuilding. Starting from 1,487,204 men that June, the services were expanded to some 3.5 million in 1952.

Through these fluctuations, records were kept on those who served. Military recruitment was formalized in Selective Service early in World War II. Through the Organized Reserve and other reserve rosters, the Defense Establishment maintained postwar contact with available military experience. After Korea, recalls of reservists largely supplemented the reactivated draft.

In the Korean recalls new skills acquired by reservists between the time they were separated from their World War II units and the time they were recalled were too frequently ignored—as in the case of the World War II ensign, who subsequently became a mechanical engineer, only to be summoned for nontechnical sea duty from work in a corporation making electro-mechanical and jet engine assemblies under a Signal Corps contract. But the continuity of military records, and subsequent reliance on previously developed skills had only scattered counterparts on the civilian side.

The usefulness of such civilian rostering, where it did exist, was exemplified after Korea in the Field Service of the Department of Commerce. A constantly updated roster had been kept after termination of the War Production Board's activities, with ten to a dozen men listed in relation to each major type of key position. Because of the availability of this list, the number of field offices of the Department could be raised, after Korea, from 42 to 105 in 81 days, and the number of personnel from 396 to 1,802 with 69 percent of the men recruited having seen service in WPB, and the others having been found through these key people.

**Table I**  
**Federal Civilian Employment, by Agencies, 1939-1949**  
(Figures refer to employment on June 30)

	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949
Total Civilian Employment.....	926,415	1,014,117	1,370,110	2,206,970	3,157,113	3,312,256	3,769,646	2,722,031	2,128,648	2,090,732	2,109,642
Executive Departments.....	754,350	814,436	1,118,545	1,871,756	2,719,358	2,898,070	3,348,173	2,278,572	1,655,785	1,696,582	1,728,912
Agriculture.....	108,045	98,231	89,774	92,867	108,523	77,720	81,984	96,590	87,483	82,134	86,247
Commerce.....	14,451	26,699	23,896	30,056	31,420	30,501	68,706	37,345	38,446	40,872	46,830
Defense (War, Navy, and Air Force).....	195,604	255,543	543,153	1,273,740	2,088,892	2,256,846	2,634,075	1,416,225	859,142	870,962	879,875
Interior.....	46,547	47,979	47,355	43,455	42,378	44,683	51,330	52,813	56,193	57,801	57,801
Justice.....	9,605	14,720	21,401	28,129	30,695	29,042	26,417	24,134	24,446	26,227	25,925
Labor.....	6,646	3,484	4,570	4,945	9,563	6,074	5,950	34,776	4,984	4,467	3,606
Post Office.....	294,651	303,654	315,181	319,763	316,357	352,773	378,849	488,623	471,787	503,607	517,743
State.....	5,759	6,302	7,040	6,904	9,044	9,044	10,895	21,859	21,390	21,835	21,203
Treasury.....	68,007	59,256	65,573	67,997	82,089	93,692	96,614	107,690	95,294	90,245	89,682
Emergency War Agencies.....			20,217	84,926	193,254	182,158	173,432	94,990	42,108	17,316	2,642
War Production Board.....			17,067	18,385	15,444	11,796	3,287				
Office of Censorship.....			9,008	12,206	11,617	6,430					
Office of Emergency Management.....			3,624	12,328	57,101	59,783	64,517	34,368			
Office of Price Administration.....			16,539	8,047	8,864	23,002	18,471	13,924	(1,116) <sup>4</sup>	(758) <sup>4</sup>	(4,919) <sup>4</sup>
Office of War Information.....			16,593	26,114	( <sup>9</sup> )			36,527	41,914	17,129	2,539
Selective Service.....								26,999			
War Assets Administration.....								62,130 <sup>3</sup>			
War Manpower Commission.....								12,211	13,538	5,574	
War Shipping Administration.....								25,796	21,817	1,310	194
All Other.....								50,610	65,143	216,753	195,545
Veterans' Administration.....			36,908	42,948	43,994	53,349	50,610	65,143	169,643	216,753	195,545
All Other Agencies.....			159,808	188,400	206,304	191,152	181,418	182,898	178,826	214,002	181,329
Addendum: Armed Forces (including Coast Guard).....			344,537	471,918	1,819,437	3,917,441	9,199,168	11,620,752	12,294,564	3,057,852	1,601,428
										1,465,510	1,640,686

<sup>1</sup> Includes WMC, NLRB and part of OWMR.

<sup>2</sup> Civilian Production Administration after November 1945.

<sup>3</sup> Selective Service System employment included with War Manpower Commission in 1943.

<sup>4</sup> Figures in parenthesis are included under "All Other Agencies." <sup>5</sup> Selective Service System was not classified as an Emergency War Agency after 1946. The figures in parenthesis are included under "All Other Agencies."

Source: Civil Service Commission

Table II

Employment and Organization Changes From February 1903 to July 1, 1953<sup>1</sup>

## U. S. DEPARTMENT OF COMMERCE

## DEPARTMENT OF COMMERCE AND LABOR

BUREAU	1903	1904	1905	1906	1907	1908	1909	1910	1911	1912
Office of the Secretary.....	125	155	145	145	.....	141	137	137	161	158
Bureau of Corporations.....	62	67	70	70	.....	104	120	119	127	129
Bureau of Manufactures.....	12	17	26	26	.....	34	37	40	42	.....
Bureau of Labor.....	100	101	97	97	.....	192	125	111	97	93
Bureau of Lighthouses.....	5,282	5,320	5,581	5,581	.....	5,617	5,482	5,489	5,455	5,116
Bureau of the Census.....	1,393	1,491	1,320	1,320	.....	1,354	1,354	1,526	1,500	1,335
Coast and Geodetic Survey.....	314	316	311	311	.....	351	348	346	353	344
Bureau of Statistics.....	63	55	53	53	.....	57	58	57	58	.....
Steamboat Inspection Service.....	212	213	226	226	.....	252	261	262	263	262
Bureau of Fisheries.....	290	312	305	305	.....	327	341	361	378	397
Bureau of Navigation.....	75	71	73	73	.....	76	76	75	77	82
Bureau of Immigration.....	1,211	1,209	1,198	1,198	.....	1,436	1,453	1,562	1,638	1,658
Bureau of Standards.....	71	87	95	95	.....	118	139	173	264	280
Bureau of Foreign and Domestic Commerce.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Childrens Bureau.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
U. S. Patent Office.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Bureau of Mines.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Civil Aeronautics Administration.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Radio Division.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Total.....	\$10,125	9,210	9,414	9,500	\$10,553	10,079	9,931	10,258	10,413	9,964

<sup>1</sup> On or about July 1 of each year.

\* Only total figure available.

DEPARTMENT OF COMMERCE

BUREAU	1913	1914	1915	1916	1917	1918	1919	1920
Office of the Secretary . . . . .	139	126	162	171	172	178	183	183
Bureau of Corporations . . . . .	127	133						
Bureau of Manufactures . . . . .								
Bureau of Labor . . . . .			5,792	5,698	5,713	5,823	5,818	5,820
Bureau of Lighthouses . . . . .	5,624	5,620	1,279	1,260	1,247	1,397	1,348	7,413
Bureau of the Census . . . . .	1,376	1,377						
Coast and Geodetic Survey . . . . .	347	728	743	770	790	540	942	816
Bureau of Statistics . . . . .								
Steamboat Inspection Service . . . . .	262	265	270	302	321	347	408	467
Bureau of Fisheries . . . . .	398	397	419	434	452	420	428	431
Bureau of Navigation . . . . .	95	101	169	161	167	233	204	217
Bureau of Immigration . . . . .								
Bureau of Standards . . . . .	312	338	384	423	518	1,061	996	900
Bureau of Foreign and Domestic Commerce . . . . .	108	120	171	198	233	220	305	312
Childrens Bureau . . . . .								
U. S. Patent Office . . . . .								
Bureau of Mines . . . . .								
Civil Aeronautics Administration . . . . .								
Radio Division . . . . .								
Total . . . . .	8,788	9,205	9,389	9,417	9,613	10,219	10,632	16,544

DEPARTMENT OF COMMERCE—Continued

BUREAU	1921	1922	1923	1924	1925	1926	1927
Office of the Secretary.....	183	183	127	121	125	118	133
Bureau of Corporations.....	.....	.....	.....	.....	.....	.....	.....
Bureau of Manufactures.....	.....	.....	.....	.....	.....	.....	.....
Bureau of Lighthouses.....	.....	.....	.....	.....	.....	.....	.....
Bureau of Light-Houses.....	5,761	5,909	5,797	5,734	5,758	5,628	5,803
Bureau of the Census.....	3,200	1,664	1,548	1,768	2,687	2,923	2,409
Coast and Geodetic Survey.....	863	978	947	882	992	965	945
Bureau of Statistics.....	.....	.....	.....	.....	.....	.....	.....
Steamboat Inspection Service.....	404	366	362	365	350	355	359
Bureau of Fisheries.....	424	462	461	567	617	622	671
Bureau of Navigation.....	221	230	220	215	240	239	159
Bureau of Immigration.....	.....	.....	.....	.....	.....	.....	.....
Bureau of Standards.....	865	968	911	801	768	763	850
Bureau of Foreign and Domestic Commerce.....	333	595	940	1,207	1,145	1,228	1,351
Childrens Bureau.....	.....	.....	.....	.....	.....	.....	.....
U. S. Patent Office.....	.....	.....	.....	.....	.....	.....	.....
Bureau of Mines.....	.....	.....	.....	.....	.....	.....	.....
Civil Aeronautics Administration.....	.....	.....	.....	.....	.....	.....	.....
Radio Division.....	.....	.....	.....	.....	.....	.....	.....
Total.....	12,254	11,355	11,303	11,660	14,889	14,828	14,964

DEPARTMENT OF COMMERCE—Continued

BUREAU	1928	1929	1930	1931	1932	1933	1934	1935	1936
Office of the Secretary	144	142	144	205	201	163	139	141	179
Bureau of Lighthouses	6,205	6,710	7,211	7,879	7,814	7,252	5,166	5,071	5,094
Bureau of the Census	2,518	2,007	11,599	6,927	4,043	1,813	2,107	3,914	2,501
Coast and Geodetic Survey	991	2,986	1,044	1,259	1,280	1,882	1,073	3,439	1,234
Bureau of Marine Inspection and Navigation	358	367	366	427	420	571	579	643	679
Steamboat Inspection Service	700	966	780	903	1,193	922	682	936	839
Bureau of Fisheries	166	174	173	201	192	192	192	192	192
Bureau of Navigation	900	965	1,055	1,066	1,035	979	694	709	816
Bureau of Standards	1,258	1,426	1,738	1,575	1,429	1,429	814	1,052	1,159
Bureau of Foreign and Domestic Commerce	1,191	1,274	1,377	1,410	1,425	1,389	1,313	1,302	1,348
U. S. Patent Office	1,111	1,049	1,061	978	882	882	270	2,685	2,133
Bureau of Mines	133	207	263	272	272	270	2,050	2,685	2,133
Civil Aeronautics Administration	100	120	156	173	189	19	9	9	66
Radio Division					28	19	62	63	66
Federal Employment Stabilization Board									
U. S. Shipping Board Bureau									
Inland Waterways Corporation									
Weather Bureau									
Office of Surplus Property									
Bureau of Public Roads									
Maritime Administration and Federal Maritime Board									
Government Patents Board									
National Production Authority									
Total	15,467	16,455	26,955	23,358	20,608	17,571	14,688	19,964	16,048

DEPARTMENT OF COMMERCE—Continued

BUREAU	1937	1938	1939	1940	1941	1942	1943	1944	1945
Office of the Secretary.....	150	159	179	216	286	366	355	365	390
Bureau of Lighthouses.....	5,065	4,132							
Bureau of the Census.....	1,869	2,190	1,728	12,687	8,671	6,936	4,925	4,600	46,489
Coast and Geodetic Survey.....	1,112	985	1,345	1,329	1,521	2,097	2,781	2,415	1,924
Bureau of Marine Inspection and Navigation.....	897	1,011	958	924	1,013				
Steamboat Inspection Service.....									
Bureau of Fisheries.....	752	1,200							
Bureau of Navigation.....									
Bureau of Standards.....	842	926	946	988	1,190	1,720	2,267	2,326	2,311
Bureau of Foreign and Domestic Commerce.....	1,153	856	897	863	853	946	853	824	809
U. S. Patent Office.....	1,356	1,372	1,383	1,341	1,326	1,399	1,228	1,273	1,267
Bureau of Mines.....									
Civil Aeronautics Administration.....	2,326				6,019	8,056	10,120	11,492	10,847
Radiation.....									
Federal Reserve.....									
Federal Employment Stabilization Board.....									
U. S. Shipping Board Bureau.....									
Harland Wharves Corporation.....		3,447	2,950	3,212	3,137	2,544	2,602	2,667	2,021
Weather Bureau.....					5,653	6,142	6,612	6,876	6,754
Office of Surplus Property.....									4,435
Bureau of Public Roads.....									
Maritime Administration and Federal Maritime Board.....									
Government Patents Board.....									
National Production Authority.....									
Total.....	15,522	16,284	10,388	21,560	29,669	30,206	31,743	32,838	37,247

\* In addition to the number of employees shown, the Bureau of the Census employed the following numbers of temporary census employees to take special major censuses. The regular force also was increased during other years to take censuses of unemployment, manufactures and business, agriculture and irrigation, government, etc.; employment figure for these censuses is included in the employment figures in the above table. Post-decennial years also include employees appointed for the work of the decennial census: 1940: 100,000 (approximation); 1945: 31,226; 1950: Plus approximately 134,000 enumerators for brief periods which terminated prior to July 1, 1950.

DEPARTMENT OF COMMERCE—Continued

BUREAU	1946	1947	1948	1949	1950	1951	1952	1953
Office of the Secretary.....	703	958	728	698	662	880	862	734
Bureau of Lighthouses.....	5,861	4,411	4,315	\$ 49,157	\$ 12,702	\$ 6,871	4,430	3,062
Bureau of the Census.....	2,160	2,285	2,628	2,645	2,455	2,469	2,547	2,382
Coast and Geodetic Survey.....	.....	.....	.....	.....	.....	.....	.....	.....
Bureau of Marine Inspection and Navigation.....	.....	.....	.....	.....	.....	.....	.....	.....
Steamboat Inspection Service.....	.....	.....	.....	.....	.....	.....	.....	.....
Bureau of Fisheries.....	.....	.....	.....	.....	.....	.....	.....	.....
Bureau of Navigation.....	2,262	2,522	2,809	3,288	3,112	3,949	4,735	4,918
Bureau of Standards.....	2,185	2,137	1,905	1,948	1,634	2,923	3,006	1,532
Bureau of Foreign and Domestic Commerce.....	1,460	1,826	2,005	2,010	1,960	1,905	1,901	1,684
U. S. Patent Office.....	.....	.....	.....	.....	.....	.....	.....	.....
Bureau of Mines.....	12,953	14,884	17,056	18,452	18,045	18,390	17,066	16,685
Civil Aeronautics Administration.....	.....	.....	.....	.....	.....	.....	.....	.....
Radio Division.....	.....	.....	.....	.....	.....	.....	.....	.....
Federal Employment Stabilization Board.....	.....	.....	.....	.....	.....	.....	.....	.....
U. S. Shipping Board Bureau.....	1,852	1,573	1,551	783	840	875	797	762
Inland Waterways Corporation.....	7,499	7,907	7,938	7,911	7,893	7,999	8,130	8,128
Weather Bureau.....	.....	.....	.....	.....	.....	.....	.....	.....
Office of Surplus Property.....	.....	.....	.....	.....	.....	.....	.....	.....
Bureau of Public Roads.....	.....	4,018	.....	.....	4,018	3,833	3,528	3,589
Maritime Administration and Federal Maritime Board.....	.....	6,409	.....	.....	6,409	4,475	4,140	73,657
Government Patents Board.....	.....	.....	.....	.....	.....	16	13	15
National Production Authority.....	.....	.....	.....	.....	.....	4,448	4,196	1,123
<sup>b</sup> Total.....	36,935	38,503	40,935	\$ 46,892	\$ 59,730	\$ 59,003	\$ 55,360	\$ 48,271

<sup>a</sup> This figure does not include 9,812 seamen.

<sup>b</sup> This figure does not include 9,129 employees who worked without compensation for the Department, nor are such persons included in other figures on the table. It does include 5,464 part-time workers who actually worked a total of 933 man-months during June 1952.

<sup>c</sup> Adjusted figure.

<sup>d</sup> Does not include 6,848 seamen.

<sup>e</sup> Does not include 9,958 WOC employees, but does include 5,425 part-time and intermittent employees.

### APPENDIX III

#### *Federal Employees at Classification Act Grades GS-9 and above, Continental United States*

Grade	Salary Range	1952	1951	1950	1949	1948	1947	1946	1944	1942	1939
TOTAL.....		194,473	178,127	149,178	140,915	132,670	139,788	145,917	136,186	100,838	95,175
GS-9.....	5,060-5,810	68,824	65,149	56,255	55,475	53,942	58,869	61,359	56,309	43,796	13,863
GS-10.....	5,500-6,250	13,388	11,399	8,345	6,859	6,937	6,770	6,339	8,375	4,504	2,102
GS-11.....	5,940-6,940	46,028	42,850	35,750	33,592	30,288	32,236	36,212	34,911	25,083	8,796
GS-12.....	7,040-8,040	33,808	31,217	26,915	25,720	24,204	24,929	24,663	21,341	16,341	6,511
GS-13.....	8,360-9,360	19,632	16,855	13,770	12,332	11,159	11,002	11,075	9,921	7,304	2,707
GS-14.....	9,600-10,600	8,333	7,050	5,542	4,857	4,474	4,372	4,547	3,843	2,646	926
GS-15.....	10,800-11,800	3,879	3,168	2,306	2,080	1,666	1,610	1,722	1,486	1,164	270
GS-16.....	12,000-12,800	370	287	220							
GS-17.....	13,000-13,800	151	110	52							
GS-18.....	14,800	60	42	23							

U. S. Civil Service Commission  
Federal Employment Statistics Staff  
October 30, 1953

## APPENDIX IV

### The Conflict-of-Interest Statutes

The conflict-of-interest statutes, designed to protect the public interest from abuse by government employees, offer complicated hazards to men engaged in temporary government service, both during the time they are so employed, and for a period thereafter.

The earliest among them predates the War Between the States; the latest was passed in 1944. The statutes are in part overlapping, so that what is permitted by one is forbidden by another. At the same time, they leave broad areas uncovered.

Long hearings on the statutes were held in 1945 and a number of efforts at revision have been made since then. In 1948, changes made in the course of clarification of Title 18 of the Criminal Code did not include changes in subject matter. A more comprehensive revision is now in progress at the Department of Justice, with a view to Congressional presentation at the 1955 session.

There are 20 or more statutes that prescribe the activities of particular officials, and 10 or 15 that apply to large groups of people. Of these, seven are regarded as basic. Briefly summarized:

18 U. S. C. 281 prohibits the rendering of services of any kind or type for compensation by a Federal Government officer or employee to anyone in connection with any matter in which the United States has any interest, if the matter is being considered by any department, agency, court-martial, officer or commission of the United States. This statute is the broadest in scope of all the conflict-of-interest statutes and has been termed by the courts the "keystone" of these statutes.

18 U.S.C. 216 prohibits any agreement by a Federal Government officer or employee to receive consideration, or the receipt of consideration, for any services performed by the officer or employee in connection with the obtaining

of any Government contract by a non-government individual or business entity.

18 U.S.C. 434 prohibits any officer, employee, or agent, of the United States from transacting any business as an officer or agent of the United States with a concern in which said officer, employee, or agent is in any way financially or pecuniarily interested.

18 U.S.C. 1914 prohibits the receipt of salary, or compensation in the nature of salary, from a source outside of the Federal or local Government by a Federal Government official or employee, if such salary or compensation is received in connection with any services the official or employee performs for the Government. The statute also imposes a penalty upon the private source for making the payment.

18 U.S.C. 283 makes it a penal offense for any officer or employee of the United States to act as agent or attorney for or to aid or assist in the prosecution or support of, or to receive any gratuity in connection with, or share or interest in, any claim against the United States, other than the discharge of official duties. It prohibits gratuitous services as well as services for compensation and any type of aid or assistance is forbidden. The prohibition applies whether or not the Government officer has any connection with the subject matter of the claim in the course of his duties or even with the agency in which the claim arises.

18 U.S.C. 284 makes it a penal offense for any former officer or employee of the United States, during a period of two years after the time when such employment has ceased, to prosecute or to act as counsel, attorney or agent for prosecuting, claims against the United States, provided the claim involves subject matter with which the former employee was directly connected while in Government employment. The statute prohibits gratuitous services as well as services for compensation.

5 U.S.C. 99 makes it "unlawful" for any former officer or employee of any Department of the United States Gov-

ernment, during a period of two years after the time when such employment has ceased, to act as counsel, attorney, or agent for the prosecution of any claim against the United States, or to aid by any manner or means in the prosecution of such claims, if such claim was pending in any Department of the Federal Government while the former officer or employee was in Government service. The statute prohibits gratuitous services as well as services for compensation. This has been construed to apply to employees and officers of "Departments" only.

Usually, the extent to which the circumstances of a given employee, or prospective employee, might make him liable to prosecution under the conflict-of-interest statutes is examined by the legal officers of the agency concerned. The Department of Justice, through its Office of Legal Counsel, looks into situations presenting difficulties brought to the attention of the Department and gives advisory assistance to agencies concerned. But short of a court case, there is no way for an individual to get positive assurance of his status before the law. Formal advisory opinions are rendered by the Attorney General with binding force only to the Chief Executive or the heads of Cabinet Departments.

Memo No. 40 of the Attorney General issued Aug. 27, 1953, underlined the fact that a person who has been in government service may be liable for his actions after leaving the service, as well as for what he does while he is there. The memo instructed all U. S. attorneys when dealing with cases under 18 U.S.C. 284 (which contains a two-year prohibition against representing private parties in certain claims against the United States) to construe the clause "claims against the United States" to mean not solely monetary claims but "to encompass representation in any matter in which the United States has any interest whatsoever." This broadened interpretation was tested in the Bergson case, in which the Justice Department indicted a former assistant attorney general who resigned as head of the anti-trust division in 1951, went into private practice, subsequently

returned to government as general counsel of ODM, and was later prosecuted under 18 U.S.C. 284 for an action into which he entered as a private lawyer. Finding for the defendant, the court said. "From its study of the legislative history of section 284 . . . the Court is unable to find anything to indicate that it was the intention of Congress that the term 'claims against the United States' was intended to cover or embrace anything other than claims against the United States Government for money or for property."

Under the exemptions from the conflict-of-interest statutes provided by Section 710 of the Defense Production Act, some individuals are relieved from liability:

"(b) The President is further authorized, to the extent he deems it necessary and appropriate in order to carry out the provisions of this Act, and subject to such regulations as he may issue, to employ persons of outstanding experience and ability without compensation; and he is authorized to provide by regulation for the exemption of such persons from the operation of sections 281, 283, 284, 434, and 1914 of title 18 of the United States Code and section 190 of the Revised Statutes (5 U.S.C. 99). Persons appointed under the authority of this subsection may be allowed transportation and not to exceed \$15 per diem in lieu of subsistence while away from their homes or regular places of business pursuant to such appointment.

"(c) The President is authorized, to the extent he deems it necessary and appropriate in order to carry out the provisions of this Act to employ experts and consultants or organizations thereof, as authorized by section 55a of title 5 of the United States Code. Individuals so employed may be compensated at rates not in excess of \$50 per diem and while away from their homes or regular places of business they may be allowed transportation and not to exceed \$15 per diem in lieu of subsistence and other expenses while so employed. The President is authorized to provide by regulation for the exemption of such persons from the operation of sections 281, 283, 284, 434, and 1914 of title 18 of the United States Code and section 190 of the Revised Statutes (5 U.S.C. 99)."

But this relief is limited to WOC's (those serving without compensation) and experts and consultants, who are au-

thorized to serve only for one year. It does not extend to holders of paid positions, and it does not include all of the statutes. Exemption from section 216 of 18 U.S.C. was not authorized for anyone, and experts and consultants were not exempt from sections 434 and 1914. Furthermore, exemptions were not to extend to negotiation or execution of contracts with the private employer of the appointee or any other entity in the profits or contracts of which the appointee had any direct or indirect interest; nor to the making of any recommendation or taking of any action with respect to individual applications to the government for assistance made by the private employer or any business entity in which the appointee has had any interest; not to the prosecution by the appointee of any claims against the Government involving a matter concerning which the appointee had any responsibility during his employment, or for a period of two years after such employment. Insofar as experts and consultants are concerned, exemption does not extend to their prosecution of any claims growing out of any matter with respect to which they were personally concerned in an official capacity during their employment or for two years thereafter. Finally, the exemptions do not extend to receipt and payment of salary in connection with the appointee's government service from any source other than his private employer at the time of his appointment.

Obviously, of course, even a thorough revision of the conflict-of-interest statutes could not eliminate the marginal case. The extent to which these laws are a matter of daily query in the employment of private executives can be illustrated from the following Pentagon cases:

1. Officers of corporations, called into government service as consultants or sometimes as holders of regular posts, continue to receive salaries from their companies, and also the various fringe benefits which are a normal part of corporate employment. They may come in expecting to stay for 6 months. Their 6 months may lengthen out to as much as 3 years. When does their continued government service

while on private payrolls become inadvisable? Illegal?

2. An executive is called to government service in Washington when he is within 6 months of being eligible for retirement. Must he cut his connections with his company? Should the company pay him or not? Is it enough if he takes an oath he will have nothing to do with decisions related to the company's business?

3. A young executive (under 45) who is a \$25,000-a-year president of a company holding 2 contracts to manufacture military material, has agreed to come into government in a post in which he will earn slightly over half what he is now making. His job will be in the procurement area. To be in compliance with the statutes he has directed a quick termination of his company's present contracts, a quick settlement of a pending renegotiation procedure. He has arranged for the company henceforth to manufacture civilian products exclusively, unless a complete emergency should develop. Such a clean-cut break is possible in this case only because the man's company is a family affair.

4. A former employee has circularized to a number of firms a two-page memo indicating his ability to help them find work on government contracts. His prospectus lists a series of rates for getting bidders on lists. He makes it clear that he intends to have nothing to do with specific contract dealings; the fact that he knows his way around is stressed simply as a means of enabling clients to get in touch. While in government employment this man had nothing to do with the firms he is now circularizing. He never handled claims. Should the conflict-of-interest statutes apply to him?

5. A scientist, now working as a \$50-a-day consultant for a contractor with government contracts is going to leave his present employer and become the president of a corporation. The Defense Department wants him to finish a job for the employer whom he is about to leave. But the corporation he is setting up will do business with the gov-

ernment in the area in which he will be active if he completes the job of the contractor for whom he has been working. Is he in violation of the conflict-of-interest statutes?

6. A special set of cases concerns reserve officers who are recalled to active duty and come back on military leave without divorcing themselves from their companies. Such persons are frequently recalled exactly because of their specialized knowledge of the field in which their companies are active. Recently a reserve officer who is now an executive in a company was recalled to active duty from a firm that is one of two or three major producers of an item widely used in government operations. If he sees need for new equipment of this sort as a means of increasing operating efficiency, and urges further purchases, is he opening himself to prosecution?

This last would seem to be a case in which the individual concerned would do well to follow Department of Defense Directive No. 4105.38 of 17 February 1953, which reads in part:

"It is a recognized principle that no Government officer or employee who has the direct responsibility for negotiating and signing contracts or approving the payment of money to contractors, should have any financial interest in any such contractor. No Government officer or employee should permit himself to be exposed to a dual-interest position or to a conflict between self-interest and integrity . . . In any case where an officer or employee of the Department of Defense, including all its departments and agencies, feels that he should be disqualified from taking action in a particular matter, it is his duty to so inform his superior or department head, and he will be relieved of his duty and responsibility in that particular case. The matter will then be assigned to someone else of equal or higher rank, who clearly has no conflict of interest for decision and action."

It is against this legal background that private executives are currently being used in Washington. Fuzziness is plentiful. No blueprint for avoiding conflict-of-interest

statutes exists or can exist. The conflict-of-interest statutes need to be revised, and if there are relatively few prosecutions under them it is perhaps not because there are comparably few violations of at least the letter of the law.

## APPENDIX V

### Participants In The NPA Manpower Discussion

Washington, D. C., October 20, 1953

- |   |   |
|---|---|
| <b>ROBERT L. CLARK</b><br>Stead, Clark & Hitchcock  | <b>JOHN MILLER</b><br>Executive Secretary, National<br>Planning Association   |
| <b>JOHN J. CORSON</b><br>Management Consultant,<br>McKinsey & Company                                   | <b>JAMES M. MITCHELL</b><br>Deputy to Assistant Secretary<br>of Defense, U. S. Department<br>of Defense                             |
| <b>HENRY DU FLON</b><br>Staff Assistant to the Presi-<br>dent's Advisor on Personnel<br>Management      | <b>C. SPENCER PLATT</b><br>Chief, Personnel Management<br>Group Office of Management<br>Organization, U. S. Bureau of<br>the Budget |
| <b>ARTHUR FLEMMING</b><br>Director, Office of Defense Mo-<br>bilization                                 | <b>H. CHRISTIAN SONNE</b><br>Chairman, National Planning<br>Association   |
| <b>CARLTON HAYWARD</b><br>Director of Personnel, U. S.<br>Department of Commerce                        | <b>JOSEPH E. WINSLOW</b><br>Assistant to the President's<br>Advisor on Personnel Manage-<br>ment                                    |
| <b>PETER HENLE</b><br>Assistant Director of Research<br>American Federation of Labor                    | <b>DAVID J. WINTON*</b> ( <i>Chair-<br/>man of Meeting</i> )<br>Chairman of the Board, Winton<br>Lumber Company                     |
| <b>JOHN F. HILLIARD</b><br>Deputy Assistant Director for<br>Manpower, Office of Defense<br>Mobilization |   |
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In The NPA Manpower Discussion**

Washington, D. C., December 1, 1953

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**Participants**  
**In a Joint Discussion of The NPA**  
**Business Committee and The NPA**  
**Special Committee on Manpower Policy**

New York City, June 10, 1954

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