

ready for those; although at the same time enough should be held in reserve and enough flexibility maintained to alter our course rapidly if other contingencies become more pressing.

Economic mobilization in times like these should strive to be "all out" or "complete," in the sense of moving as rapidly as possible toward accomplishing defined objectives. These objectives comprise a new pattern of resource use. This new pattern is not the same, and does not call for exactly the same measures, as in the event of a full-scale war or full mobilization of our total armed strength. But the type of economic mobilization we are now undertaking means, at the very least, an enormous shift in our current pattern of resource use. The effort will be successful to the extent that this shift is rapid but also sensible. The effort would fail if the shift were either tardy or ill-considered.

Obviously, the nature and timing of this required shift must be defined before it can be accomplished. Thus the definition of the new pattern of resource use called for by the emergency is the starting point and *sine qua non* for all rational economic policy in a mobilization period.

IV. The Programming of Requirements and Supply

The central task before us, consequently, is to define as speedily as possible our new goals or targets for resource use, and then to achieve these as fast as we can.

The process by which this new pattern of resource use is defined is radically different from the processes by which resource use is determined in normal peacetime. Then, the pattern is determined partly by custom. In any one year, it is almost the same as in the year before with only slight variations. But in a national emergency, the very nature of the problem is to set aside custom and break sharply with the past. Another difference is that in peacetime the changes in the requirements of the economy result from myriads of decisions by millions of people, and supply is gradually adjusted to changing requirements through the operations of the free market. In a national emergency, the biggest change in requirements—for the primary military build-up—must not only be defined by the Government but must also be effectuated by the Government through public purchase of goods and services and public recruitment of manpower into the armed forces. This undertaking in itself is so large that it makes the Government the prime conditioner of resource use throughout the whole economy.

Further, there is an inescapable relationship between the satisfaction of primary military requirements and the pattern of resource use in other sectors of the economy. The Government is not only concerned

with the direct military build-up. It is equally concerned that the consequent reduction in the availability of manpower and materials for other purposes shall not result in a decline of activity in those sectors of the economic front which are essential to support the military program. As a derivative, the Government must see to it that manpower and materials are not absorbed in nonessential activities. The problem of inflation control is but one aspect of preventing excessive competition for scarce resources. Above all, the speed with which the rearmament program must be consummated, in the interest of national security, demands far greater concentration of decision-making than we countenance in normal peacetime.

The logic of the situation requires that the Government must accept and exercise the primary responsibility for defining almost all of the broad phases of the new pattern of resource utilization in a defense emergency. This does not mean that the Government should program and determine every minute detail in the scheduling of production and distribution throughout the economy. But it does mean that the Government, in a period of economic mobilization, must determine broadly the size and weight of these main competing requirements: (1) primary military requirements, (2) stockpile requirements, (3) international requirements (military and economic aid abroad), (4) industrial requirements, (5) requirements to serve the consumer public.

The determination of and reconciliation among major requirements is at the very heart of economic mobilization. The determination can never be final; it must be altered as time flows and circumstances change. But at any given time, it must be characterized by comprehensiveness and firmness. In addition, this scheduling of necessary requirements, to be realistic, must be constantly balanced against a comparable inventory and scheduling of supply. There must be a continuing process of meshing the two. This flowing evaluation of basic requirements and supply may be called programming. Or it may be called the determination of priorities. Whatever it is called, its importance to economic mobilization is supreme.

A programming and priority operation of this scope draws its initial guidance from the size and speed of the primary military program. That program is the starting point of reference to which other efforts must be adjusted. Hence it is essential to effective economic mobilization that the military program be defined as quickly and clearly as feasible, although it was never defined exactly at any stage in World War II, and cannot be defined exactly now for a variety of reasons.

But it is a dangerous fallacy to assume that comprehensive programming and priority operations must await complete crystallization of this military program. There are many important aspects of the general programming and priority operation which can be carried forward to a high stage of development without awaiting final clarification of mili-

tary targets. Thus, many of the decisions can be founded safely upon assumptions about the military program within a fairly wide band. Moreover, all other requirements are not deduced entirely from military requirements. Some of them are so large in themselves that they must be included in the initial approach to the whole problem. Indeed, the development of other requirements and military requirements interact upon one another, and the process of developing all of them must go forward simultaneously and coordinately. On the supply side, there are many paramount problems which can be pushed closer to effective treatment without awaiting any more knowledge about the military program or the general international situation than we already have.

Since the programming and priority operation is the central machinery for defining what use of resources is most efficient in a defense emergency, all of the specific economic programs must rely for guidance upon this central operation. For all of these other specific programs are designed to guide the use of resources, and cannot be fully effective until we know what our resource-use objectives are. To illustrate, until we know what level of consumption is consistent with other essential requirements, we are handicapped in developing tax programs. Until we know what level and kinds of business investment will be most helpful to the defense effort, we cannot very effectively determine the desired impact of taxes upon business. Similarly, wage and price policies must be related to objectives for consumption and investment, because most consumers are wage earners, and prices and profits have a bearing upon business operations. Even more clearly, the allocation of materials toward one purpose and away from another must rest upon evaluation of how many purposes our resources can fill and which ones have the highest priority.

Finally, the setting of specific goals or targets for some lines of production and utilization will have a galvanic and unifying effect throughout the economy and among all the people by making it clear in concrete terms just what we as a nation are striving to do and why. It will dispel any notion that sacrifice is being asked for its own sake. In fact, it will replace the negative concept of sacrifice with the affirmative concept of service, by drawing all into an affirmative program directed toward positive results. The target of 50,000 airplanes, set near the start of World War II, is an outstanding example of the forcefulness of this approach.

In world terms, the quantitative development of specific goals by a nation which has always shown the power to accomplish what it sets out to do will mightily encourage our friends abroad and give pause to our opponents.