

October 15, 1943.

Dear Miss Perkins:

As the suggestion was made at the meeting on Thursday with Mr. Justice Byrnes that I send to those present copies of the material I had furnished to him on the reconversion problem, I am enclosing for your information the two documents. One, as the covering letter indicates, was prepared by a committee representing the Board of Governors and the Conference of Reserve Bank Presidents. The other was issued by the Automotive Council for War Production and, as you will note, was not for publication.

Sincerely yours,

Miss Frances Perkins,
Secretary of Labor,
Washington 25, D. C.

Enclosures 2



Identical letter sent to: Messrs. Knox, Crowley, Bell, George L. Harrison, C. E. Wilson (WPB), Coy, Biddle, Ickes, Jesse Jones, Baruch and Judge Rosenman.

AUTOMOTIVE COUNCIL FOR WAR PRODUCTION
New Center Building, Detroit, Michigan

October 13, 1943

Hon. Lindsay C. Warren,
Comptroller General of the United States,
General Accounting Office,
Washington, D. C.

Dear Mr. Warren:

We appreciate the opportunity you afforded us this morning to lay before you our viewpoint on the important problem of the procedures which are to govern the termination of war contracts, and the consequent settlements to be worked out.

This matter, we understand, is currently receiving the consideration of your office, of the several military services of the Government, and of the Congress. We are aware, in a general way, of the controversial aspects of this situation, and we are deeply concerned that a correct solution be arrived at promptly.

We suggest the public interest demands that after adequate investigation settlements of war contracts, final and binding on all parties, shall be made on a basis that is fair and equitable. The Government interest, of course, requires that settlement commitments of its representatives may subsequently be subject to some sort of audit as a protection against fraud, a function which your office has customarily performed in the past. It does not seem feasible, in our opinion, to subject the business judgment used by government representatives in effecting settlements to audit or review without injecting into the settlement an intolerable element of uncertainty.

It is paramount in the public interest that these settlements be arrived at promptly, and that in the absence of fraud, the settlements reached be final and conclusive, if the reconversion of industry to civilian peacetime pursuits is to be accomplished without a concomitant period of industrial stagnation comparable to that prevailing in the depths of the worst depressions this country has ever experienced.

Our experience with General Accounting Office audit procedures now in effect is the basis for our opinion that if they were to be generally applied to a problem of the magnitude which will be created by the contract terminations at the end of this war, they would constitute an insuperable obstacle to the resumption of wide scale industrial activity within reasonable time.

Our call upon you this morning was for the purpose of registering this opinion with you. We recognize and support the essential function which your office performs, but if it is to be exercised over the entire range of war contract terminations, adaptation of the agency's administration to a basis which will deal successfully with audit problems of the magnitude now confronting us is essential if this country is to escape a more or less prolonged period of economic chaos at the end of the war.

We appreciate the sympathetic consideration you indicated you were prepared to give to our concerns, which are intensely practical. Our shops, and the shops of the multitude of suppliers serving us in our war efforts, must be promptly cleared of government materials and facilities, and final financial settlements must be effected without delay, before civilian industrial activity can be resumed.

It is not our purpose in this letter to deal in any detail with this enormously complicated subject, but we do most earnestly urge its importance upon you, and upon all other branches of the Government who bear the responsibility of dealing with one aspect or another of it.

Such practical experience as we have had in handling business problems of this sort continues to be at the service of your office and all other Governmental agencies interested in this problem.

We are confident if all parties at interest, governmental as well as industrial, apply themselves to this problem, the correct solution will be found.

Very truly yours,

(Signed) Jas. H. Marks
E. R. Breech
K. J. Asmerman
W. F. Armstrong
B. E. Hutchinson

Members
Contract Termination Committee