ON JUNE 25, 1950, the "cold war" ended with the invasion of South Korea. On July 17, 1950, there was established the Senate Armed Services Preparedness Subcommittee, of which Senator Lyndon B. Johnson of Texas is Chairman. The intention of the Armed Services Committee in creating the Subcommittee "was, in large measure to reactivate the War Investigating Committee, or Truman Committee. . . ." The function of the Subcommittee is to exercise a "continuous watchfulness over matters within the jurisdiction of the Armed Services Committee [of the Senate]. . . ." That jurisdiction relates, among other things, to (1) the common defense generally, (2) the Department of Defense and the Armed Services, generally, and (3) the strategic and critical materials necessary for the common defense. The purposes of such watchfulness and study include "the determination whether (1) policies, programs, activities, requirements and practices (of the Department of Defense, the Armed Services, and related defense agencies) are the most effective possible in the interest of the national defense, and (2) the administration of such (activities) is characterized by maximum efficiency." The Subcommittee, which consists of four Democrats and three Re-
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publicans, is nonpartisan in its outlook and policies. It goes to great lengths to obtain unanimity so that the public may be presented with uncolored facts. Most important of all, the Subcommittee endeavors to avoid second-guessing by refusing to establish itself as a Monday-morning-quarterback club of battlefield strategy. It does not tell generals and admirals how to fight, but, rather, makes certain that they and the men fighting under them have what they need to win battles.

II. Procedures Employed by the Subcommittee

The resolution establishing the "watchdog" Subcommittee authorized it to employ the procedures normally adopted in conducting an investigation. Thus, it is authorized, as it deems advisable, (1) to hold hearings at any time and at any place, (2) to employ investigators and technical assistants, (3) to make investigations, (4) to administer oaths, (5) to take testimony, and (6) to require by subpoena, or otherwise, the attendance of witnesses and the production of correspondence, books, papers, and documents.

In practice, the Subcommittee has not found it necessary to conduct elaborate hearings where witnesses are interrogated at great length. In most instances, the staff of the Subcommittee will request the head of a department or agency to furnish such information or documents as pertain to the matter under investigation. Almost invariably the documents are promptly produced. Occasionally, the produced documentary material is not as fully informative as the Subcommittee believes is necessary to evaluate properly the matter under investigation. In that circumstance, the personnel of the department or agency are informally questioned by the investigators of the Subcommittee and the full facts thereby obtained.

If the matter under investigation pertains to an activity of a member of the public, he is always requested to supply such data as the Subcommittee believes is pertinent and necessary to the inquiry. In addition, he will be given the opportunity to explain his position in order that all persons affected by the investigation may have a fair hearing. Such explanations are sometimes made informally to a staff member of the Subcommittee. Occasionally, the explanations are made at a formal hearing before the Subcommittee in executive session. Since it is a policy announced by Senator Johnson at the first meeting of the Subcommittee to develop the substantial rather than to exploit the sensational, very rarely are the hearings public. In this manner the statements of the witnesses are not immediately published in the press, so that presentation of an incomplete,

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6 Styles Bridges (N.H.), Wayne Morse (Ore.), and Leverett Saltonstall (Mass.).
and therefore distorted, picture is avoided. After the investigation is completed, those departments, agencies, and members of the public affected are shown a draft of the report for the purpose of affording them an opportunity to correct any mistakes of fact that might inadvertently have been set forth. It is only after this that the report is made public.

III. "Surplus" Property

1. Synthetic Rubber Producing Plants

On July 28, 1950, before the Subcommittee held its initial meeting, its Chairman learned of the imminent sale by the Reconstruction Finance Corporation (RFC) of a government-owned synthetic rubber plant at Akron, Ohio. Immediately upon learning of the proposed sale, on July 29, 1950, the Chairman of the Subcommittee wrote to the RFC and urged it not to sell the plant. A copy of the letter was sent to the National Security Resources Board (NSRB) which had previously given its approval, provided a clause was inserted in the contract requiring the purchaser to make it capable of producing synthetic rubber within four months after notification by the government that such action was required.

On August 3, 1950, the NSRB advised the Chairman that, after discussing the matter with the Office of the President and the RFC, it was decided that the plant would not be sold. On August 22, 1950, the Chairman of the Subcommittee wrote the Assistant to the President and, among other things, urged that all government-owned synthetic rubber producing plants be reactivated immediately. Thereafter, on August 24, 1950, the NSRB advised the RFC that no plants capable of producing synthetic rubber should be sold since the government might decide to place them in production. Finally, on September 1, 1950, the White House advised the Subcommittee that the Akron plant, as well as all other government-owned synthetic rubber producing plants, would be immediately reactivated and placed in operation.

Thus, even before the Subcommittee was fully organized, it took steps, through its Chairman, to prevent the sale of government-owned plants and their conversion into nonmilitary uses and to cause them to be reactivated for the production of a material vital to our defense needs.

2. "Surplus" Sales at Robins Air Force Base (Georgia)

On August 9, 1950, Senator Russell, then a member and now chairman of the full Armed Services Committee, was advised by a constituent that

the Air Force was selling unused airplane motors and other airplane materials at its Robins Air Force Base in Georgia. Upon inquiry, the Subcommittee was advised by the Air Force on August 15, 1950, that instructions had been issued on July 10, 1950, to all Air Force bases suspending all disposal action within the continental United States except for items known to be “obsolete,” or “beyond economical repair.” The Subcommittee was assured that the action at Robins was in accordance with these instructions. Unconvinced by these assurances, the Subcommittee delved further into the matter and dispatched its own investigators to Robins.

The record unearthed by the investigators plainly contradicted the information given by the Air Force on August 15, 1950. Considerable property had been disposed of at Robins between July 10, 1950, and August 1, 1950. Among such property were power plants, air compressors, and considerable electrical equipment. The Subcommittee felt that some of this property might not have been sold had the revised standards been put into effect on July 10, rather than, as the investigation disclosed was the case, on July 25.

The Subcommittee, in its second report to the full Committee, stated that while its first inquiries to the Air Force were brushed off, it later received full co-operation and some helpful reforms had been instituted in tightening up disposal practices.

3. THE OMAHA ALCOHOL PLANT

In early August 1950, the chairman of the Subcommittee was informed that the Government Services Administration (GSA) had contracted to sell as surplus a plant in Omaha, Nebraska, which during the war had manufactured alcohol for use in the butadiene plants of the RFC’s Office of Rubber Reserve.8 The plant had been declared surplus in May 1950, before the Korean outbreak, and was permitted to be disposed of subject to a “national security clause” specified in the National Industrial Reserve Act of 1948.9

The highest bid received was submitted by a newly organized company, Central States Corporation. The GSA had accepted the bid, but title had not passed. The Subcommittee, upon learning of the proposed sale, objected, stating that under the existing conditions the government

8 Butadiene is one of the ingredients required in the making of one type of synthetic rubber. Butadiene is obtainable from industrial alcohol.

9 62 Stat. 1225 (1948), 50 U.S.C.A. §§ 451–62 (Supp., 1950). That clause, as applied to alcohol-producing plants, provides that (1) the government can take over a plant whenever it considers that its productive capacity is necessary for national security, and (2) that the plant shall be so maintained that it can be restored to the production of industrial alcohol within four months.
should itself retain ownership of facilities for the manufacture of a product so essential to the manufacture of synthetic rubber.

GSA thereupon advised the Subcommittee that the proposed sale of the plant had been abandoned. It appears, however, that instead, GSA changed the sale into a ten-year lease with the same Central States Corporation. But under the terms of the lease Central States has an option not exercisable for three years to buy the plant at the bid price. The Subcommittee stated that this hardly seemed to be an abandonment of the sale; rather, it bound the government and gave Central States the option period in which to find out whether or not it had made a good deal and to act accordingly.

The Subcommittee was not at all satisfied with GSA's prudence in entering into the transaction. As stated, Central States was a newly organized company. Its ability to perform was obviously unknown and its credit was limited. It was felt, therefore, that GSA had an obligation to look beyond the corporate shell to the principal stockholders. Those stockholders were represented to GSA as being individuals of substantial means. However, inquiry revealed that GSA had entered into a long-term lease with a corporation created and controlled by persons who held the controlling interest in the Belvidere Distilling Company which was then pleading financial irresponsibility in a suit instituted against it by the Department of Agriculture. If the Omaha plant was of sufficient preparedness value to be covered by the national security clause, then GSA—as the government's agent—certainly was obligated to ascertain whether or not Central States could carry out its contract.

The Subcommittee recommended that Central States should not be permitted to use the Omaha plant for the manufacture of beverage alcohol and that the government should invoke the sixty-day clause in the lease in time to secure the entire output of the plant for the synthetic rubber program.

4. RESULTS OF EFFORTS OF THE SUBCOMMITTEE TO REVISE THE "SURPLUS" PROPERTY PROGRAM

The above incidents, as well as others, convinced the Subcommittee that a reappraisal of the government's surplus program was essential.

10 Under the terms of the lease the government is given the right to purchase all production of alcohol on sixty days notice.

11 The Subcommittee closely scrutinized and strongly criticized the action of the Munitions Board and the GSA in disposing of a "surplus" alcohol plant at Kansas City, Mo. Not only was the sale consummated during the period that GSA's publicly announced order "freezing" disposals of surplus property was in effect, but the contract of purchase failed to contain a national security clause. Consult note 9 supra.
Surplus disposals were continuing on a pre-Korea basis; our reserve industrial strength was being demobilized alarmingly. As a result of the Subcommittee's efforts, together with the cooperation of the agencies concerned, encouraging progress has been made.

On August 18, 1950, GSA ordered a general "freeze" with a view to the rescreening of property for defense needs. On August 24, 1950, GSA issued a regulation which, among other things, listed critical materials, established standards for inventory levels, and established replacement standards for motor vehicles, typewriters, steel files, and other equipment. On August 25, 1950, GSA drastically revised its general regulation governing the disposal of surplus personal property. Under the revised regulation surplus property may not be sold until express clearance is received from GSA. Furthermore, the Department of Defense is required within thirty days of notification to state whether or not it wants the property. Other provisions of the revised regulation call for the rescreening of all property for defense purposes and set up a system of administration designed to facilitate closer contact in the field among government officers interested in the disposition or acquisition of personal property which is subject to the disposal program.

The Department of Defense has also acted to correct the situation. On September 18, 1950, the Secretary of Defense issued a directive creating new standards for the disposal of personal property. Disposals of all property were suspended pending a rescreening of current needs. Since October 15, 1950, each division of the Department of Defense is required to submit to a central agency all sales catalogues and invitations to bid issued after current rescreening. These documents are then rescreened once more for a final determination of whether or not any usable items listed can be applied to meet requirements elsewhere. Any of the listed items which can be used elsewhere are withdrawn from sale. In addition, since August 21, 1950, the Army, Navy, and Air Force each may repurchase personal property previously sold as surplus.

The Subcommittee, in its second report, dated November 10, 1950, stated that it had observed genuine efforts in the Department of Defense
and GSA to develop procedures which, if properly administered, would help keep vital facilities in government hands for government use.

However, the Subcommittee was not at all satisfied with the policies of the Munitions Board. That Board posed the problem as follows:

Can the Government ... assure better operation, in an emergency, of excess industrial properties by retaining ownership of every property, or by selling, or leasing, some properties to private industry with retention by the government of certain rights? (Emphasis supplied).

The Subcommittee felt that the Munitions Board had created and knocked down a "straw man." Certainly, the government should not retain ownership of "every" property. The Subcommittee was of the opinion that, generally speaking and unless there are strong countervailing reasons, the Munitions Board should adopt a policy of disapproving further disposals of industrial facilities capable of producing defense items needed immediately for the preparedness effort. When, however, the only alternative is keeping the plant idle for a substantial period of time, sale or lease of the properties to private interests for productive use might be appropriate under adequate safeguards.

IV. RUBBER

I. SITUATION AT TIME OF KOREAN INVASION

Immediately prior to the invasion of South Korea the synthetic rubber capacity of all government-owned plants was approximately 8,777,000 long tons, but plants in operation had an annual production capacity of only 4,625,000 long tons.14 Industry stocks of all types of rubber, as of July 31, 1950, were sufficient for only about six weeks operation. The open warfare in southeast Asia, the source of ninety-five per cent of our natural rubber, seemed to require the stockpiling in this country of as large an amount of natural rubber as possible. Synthetic rubber production plans did not make available to the strategic stockpile sufficient quantities of rubber to satisfy a realistic acquisition program. The program with regard to natural rubber acquisitions for stockpiling had been reduced.

The Subcommittee believed that a comprehensive rubber supply and production program should have been developed to assure the availability of adequate rubber supplies, both natural and artificial, in the event of war. It did not find that such a program had been adequately considered by the authorities. It therefore explored intensively with the proper agencies not only the development of such a program but the specific steps that should be taken to carry it out. The Subcommittee also formulated recommendations for a minimum rubber-preparedness program.

14 Actual production a few months earlier had been at a rate of less than 300,000 long tons a year.
2. STEPS TAKEN TO ACHIEVE OBJECTIVES

a. Reactivation of Nonoperating Government-Owned Synthetic Rubber Plants

Immediately upon formation of the Subcommittee, Chairman Johnson urged upon the NSRB and other government officials the necessity of taking immediate steps to reactivate nonoperating government-owned rubber plants. As a result, the Office of the President directed the RFC to reactivate three synthetic rubber plants. This order had the effect of adding annually 87,500 tons of capacity and increasing the total capacity of the government-owned plants in operation to 550,000 long tons a year. After conferences by representatives of the Subcommittee with various government officials, the White House, on July 28, 1950, directed an increase of government production of synthetic rubber to an annual rate of 675,000 long tons a year. There still remained 160,000 tons of idle synthetic rubber capacity, and on September 1 and 14, 1950, the President ordered effective steps taken to increase synthetic rubber production by an additional 160,000 long tons a year, to an aggregate of 830,000 long tons of annual capacity.

b. Reacquisition of Divested Artificial Rubber Producing Facilities

As noted above, the Subcommittee was instrumental in preventing the further sale or lease of government-owned synthetic rubber and feed-stock producing facilities. It also urged that a review be taken of "national security" and similar clauses in government surplus sales contracts in order that agencies might be in a position, without delay, to secure for government utilization needed rubber and feed-stock facilities previously sold. This suggestion has been adopted and studies were undertaken so that the government is now in a position, when necessary, to secure for itself an additional source of synthetic rubber producing plants and related feed-stock facilities.

c. Stockpiling of Natural Rubber

The principal purpose of reactivating the idle synthetic rubber capacity was to make more natural rubber available to the strategic stockpile. The determination of the amount of natural rubber that should be maintained in our strategic stockpile rests with the Munitions Board. Records available to the Subcommittee showed that the original plans of the Munitions Board with respect to natural rubber acquisitions for stockpiling were revised downward after the invasion of South Korea. The Subcommittee

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Page 636 et seq. supra.
was greatly alarmed at this attitude, and on August 15, 1950, it requested the Munitions Board to advise it as to what plans the Munitions Board had with respect to stockpiling natural rubber. The Subcommittee received no reply for several weeks, indicating either that the Munitions Board had no such program, or, if the diligence with which it addressed itself to the Subcommittee's inquiry was any criterion, that the competence of the Board left something to be desired.

On August 22, 1950, the Chairman of the Subcommittee wrote the Assistant to the President urging, among other things, that all possible steps be taken immediately to make more natural rubber available for our strategic stockpile as rapidly as possible. On September 15, 1950, the Subcommittee was advised that a new rubber-preparedness program had been developed. Included in the program was a directive ordering studies to be made as to what steps should be taken to accelerate purchases of natural rubber. The Subcommittee noted that this directive was an encouraging step, and, while studies alone would not solve the problem, it was confident that when the studies were completed, a more vigorous, effective program would result.

d. Employment of Allocation, Specification, and Inventory Controls

The Rubber Act of 1948\(^6\) empowers various government agencies to impose allocation, specification, and inventory controls. Pursuant to such authority, the Department of Commerce, on August 25, 1950, issued an order designed to reduce nonmilitary consumption of new rubber to 90,000 tons monthly during the last four months of 1950. This was intended to save approximately 15,000 tons per month. However, the order, generally speaking, favored the larger companies and operated unfairly on the smaller ones. The Department, instead of revising the order to eliminate the inequities and restricting the use to not more than 90,000 tons, proceeded to grant additional quotas totalling 15,000 tons, so that consumption of 105,000 tons monthly was authorized under an order intended to cut consumption to 90,000 tons. The Subcommittee observed that, although the policy was highly commendable, the performance nullified the policy.

In addition, the Subcommittee was of the opinion that the initial order, designed to reduce consumption to 90,000 tons, was not sufficiently drastic. Under that order, to the extent that synthetic rubber was not available, natural rubber might be used. Thus, in the event enough synthetic rubber might not be available during this period, the decrease in the con-

The Subcommittee thereupon pressed for more realistic controls, and on October 20, 1950, a new order was issued. The principal features of this order were: (1) a limitation on total consumption of new rubber for non-military purposes to 90,000 tons for November and December 1950, plus rubber for defense orders which would not require more than 8,000 tons in each of those months; 17 (2) a limitation on the consumption of natural rubber, for both civilian and defense requirements, of 50,000 tons for November and 45,000 tons for December 1950; 18 and (3) allocations of government-produced synthetic rubber. The industry was further informed that, some time in the first quarter of 1951, the allowable consumption of natural new rubber for nonmilitary purposes would be reduced to a level of 35,000 tons per month.

e. Synthetic Rubber Research

The Subcommittee, in its first report, urged that a continuing and aggressive research and development program be formulated for the purpose of procuring new and improved types of synthetic rubber and rubber products. Subsequently the RFC advised the Subcommittee that a substantial government research program is being conducted through the Office of Rubber Reserve. The total government research budget for the fiscal year ending June 30, 1951, is about one-third larger than the budget for the previous year, and more than one-fourth of the budget is on "fundamental research." In its second report, the Subcommittee stated that it was gratified that so substantial a proportion of the total research budget was to be devoted to "fundamental research," since prior to World War II the United States had been far behind both Germany and Russia in synthetic rubber research and development.

f. Growing Natural Rubber Within the Western Hemisphere

In its first report, the Subcommittee urged the Munitions Board that immediate steps be taken to provide a domestic source of natural rubber as rapidly as possible. It also urged that plans for incentive production of natural rubber in the Western Hemisphere should be drawn up promptly.

17 August and September 1950 consumption was approximately 110,000 tons a month.
18 Natural rubber consumption in August and September 1950 was about 65,000 tons each month.
Subsequently, the Munitions Board replied that with respect to domestic production of natural rubber, the government was concentrating on guayule as the most promising source of rubber that could be grown in this country and that guayule seed was being stockpiled. On the basis of other information it possessed the Subcommittee felt that this was being done in a way by no means sufficient to supplement our natural rubber needs in a time of emergency.

Moreover, the Munitions Board's pessimistic conclusions that "guayule's manpower requirements for planting, cultivating, harvesting, and processing of the sap are extreme," were contradicted by findings of the Department of Agriculture. The Subcommittee noted that the Department of Agriculture's work on domestic guayule rubber and Western Hemisphere natural rubber, although on a small scale, had yielded substantial results. It concluded that inadequate consideration had been given to these sources of our potential natural rubber supply and that this work should be pressed forward.

Both domestic and other Western Hemisphere sources of natural rubber should, in the opinion of the Subcommittee, be part of a well-organized and co-ordinated rubber program. Accordingly, on September 12, the Subcommittee wrote to the Secretary of Agriculture, suggesting that two intra-governmental committees be formed, one on domestic natural rubber and one on Western Hemisphere natural rubber, to formulate firm and positive programs in these fields. This suggestion is now being actively pursued.

g. Consolidation of Responsibility for the Rubber Program in One Agency

In the course of its study of the rubber program, the Subcommittee became forcibly aware of the large number of government agencies concerned with the national rubber program. It was agreeably surprised that efforts had been made to co-ordinate the work of these agencies. The Subcommittee believed, however, that more effective results might be obtained if the operation of the national rubber program was placed in one agency as had been done in World War II.

The Munitions Board's letter to the Subcommittee quoted the Department of Agriculture's finding that:

"Nursery costs of guayule have been cut to one-fifth of the costs during World War II, improved strains have increased the yield per plant as much as 70 per cent, and the adaptability to dry, unirrigated plains of the Southwest has been improved. . . . The production of a high-quality rubber from guayule on a pilot-plant scale has been achieved. Once purified, guayule rubber approaches hevea rubber in quality and may be found superior for certain uses. Several processes are now under investigation to make this operation commercially practicable."
2. RESULTS OF EFFORTS OF THE SUBCOMMITTEE WITH RESPECT TO RUBBER

The first report of the Subcommittee was submitted to the full Armed Services Committee on September 5, 1950. Shortly thereafter, on September 15, 1950, the President approved a seven-point rubber-preparedness program developed by NSRB. This program paralleled the recommendations of the Subcommittee in its first report. In its second report the Subcommittee stated that the program was a minimum one. It noted that, except for the vitally important step of reactivating all of the government-owned synthetic rubber producing facilities, it was a study program, and while studies alone would not solve our national rubber problem, it was a long step in the right direction. The Subcommittee was confident that when the studies were completed they would result in a more vigorous, more effective program.

V. PUBLICITY

As noted above, the Subcommittee does not hunt headlines. But while its reports are submitted to the full Committee and not to the Senate or to the public, the findings of the Subcommittee are important news. Accordingly, after the report is submitted to the full Committee, copies are distributed to the press, and a conference is arranged at which the significant aspects of the report are explained. Present at each conference are members of all the national press associations, as well as reporters of individual newspapers and news magazines. In this manner, the public is apprised of the facts respecting the accomplishments, as well as the shortcomings, of the national defense efforts undertaken by the government. Press comment on the achievements of the Subcommittee has been uni-

20 The major points of the program were: (1) Maximum synthetic production. Immediate reactivation of all remaining idle synthetic rubber producing facilities; (2) Stockpiling. Studies were ordered of (a) our total military and civilian rubber requirements in the event of total mobilization, (b) a realistic objective for stockpiling of natural rubber and accumulating inventory of synthetic rubber, and (c) how the needs of those objectives could best and most promptly be met; (3) Increased purchases. Studies were ordered as to what steps should be taken to accelerate our purchases of natural rubber and how our purchase techniques could be improved; (4) Modernization. Studies were ordered to determine (a) what steps for modernizing and increasing synthetic rubber facilities should be taken, and (b) whether it would be desirable to construct additional petroleum-butadiene facilities in substitution for presently owned alcohol-butadiene plants; (5) Domestic production. Studies were ordered to determine what steps should be taken to provide for the production of natural rubber in this country and procurement of natural rubber from other countries in the Western Hemisphere; (6) Feedstocks. Studies were ordered of steps necessary to provide feed-stock materials for the synthetic rubber program; (7) Streamlining. Studies were ordered to determine whether the national rubber program could be streamlined and simplified by placing all the powers regarding it in a single agency.

21 Page 635 supra.
formly favorable. The importance of such reaction, in the opinion of the Subcommittee, is that the pressure of public opinion will cause the adoption of those of its policies which the public approves.

It is, of course, still too early to evaluate the final accomplishments of the Subcommittee. Nevertheless, in the short period of its existence, it has succeeded in vitalizing important phases of the preparedness program. Perhaps one of the most important contributions of the Subcommittee is the mere fact of its existence. Those responsible for our mobilization effort know that a “watchdog” is ceaselessly sniffing about in their vicinity and that it has a deep and sensitive allergy to any scent of “complacency on the Potomac.”

Consult, e.g., N.Y. Times § 1, p. 30, col. 5 (Sept. 18, 1950); St. Louis Post-Dispatch § 3, p. 1, col. 5 (Oct. 8, 1950); 56 Time, No. 12, at 24 (Sept. 18, 1950).