

INDUSTRIAL LOCATION

AND

NATIONAL RESOURCES.

UNITED STATES NATIONAL

RESOURCES PLANNING BOARD.

1943.

**INDUSTRIAL LOCATION
AND
NATIONAL RESOURCES**

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NATIONAL RESOURCES PLANNING BOARD

WASHINGTON, D. C.

THE PRESIDENT,

The White House.

February 17, 1943.

MY DEAR MR. PRESIDENT,

We have the honor to transmit herewith a report on the location of industry in the United States. The report consists of studies prepared under the general supervision of Ralph J. Watkins, Assistant Director, and Glenn E. McLaughlin, Chief of the Industrial Section. Representing the first comprehensive analysis of the subject to be made in this country, these studies are primarily concerned with a review of the various factors which influence plant location decisions and which therefore are shaping the geographic pattern of American industry.

The American economy is and always has been an expanding economy, and each decade has brought with it significant changes in the geographic pattern of industry. But never before have these changes been so rapid as since the beginning of the defense period. By the end of 1943 the expansion of our manufacturing facilities for war production purposes will total approximately \$18 billion, more than \$15 billion of this investment representing Federal funds. Through this tremendous investment we have not only vastly increased the Nation's manufacturing plant, but we have brought about important changes in the geographic pattern of manufacturing. The consequences of these changes will have a permanent influence on the growth and development of the Nation. Because of these great changes, both private industry and local, State, and Federal agencies of government have become increasingly aware of the necessity of giving careful thought to plant location decisions. This report has been prepared to meet the growing need for objective analysis of locational problems.

The report consists of an introductory summary and five principal parts. The first part is concerned with the relation between the distribution of the basic resources of the Nation and the locational patterns of industry. Consideration is then given in the second section to the growth of our manufacturing industries and recent shifts in their geographic distribution.

The third part of the report is devoted to an analysis of the chief production and distribution factors which have a bearing on locational decisions. An attempt is made to trace the locational pull of each of these elements on particular classes of industry. Separate consideration is given to the locational pull of raw materials, power and fuels, water supply, transportation facilities and services, labor supply, markets and marketing facilities, capital, and management.

The fourth part of the report analyzes organizational factors which influence the locations of particular industries. The factors reviewed are: size of plant, size of company, and size of city; degree of integration in the plant and in the company; and financial controls and monopolistic influences. Certain special aspects of the location problem are then considered, including an analysis of the place of the small manufacturing firm in the Nation's industrial economy and the special problems and public policy questions which are involved in efforts to encourage and expand this type of activity. Attention is given also to the geographic aspects of the pricing policies of manufacturing establishments and to governmental and community influences in the location of industry.

The final section is devoted to an over-all review of principles and methods of selection of plant locations.

Since the initiation of the defense program in 1940, the staff of the Board has reviewed and advised on all major proposals for expansion of industrial facilities sponsored by Government agencies. That relationship was established initially in response to a request from the Advi-

sory Commission to the Council of National Defense and was continued through the Office of Production Management and later through the War Production Board. By designation of the Chairman of the War Production Board, Mr. McLaughlin has served as a member of the Plant Site Board and later as adviser to the Facility Clearance Board, its successor. In this work for the war agencies the analyses and materials developed in the present report have been in continual use by our staff.

Our objective in reviewing war plant proposals has been to seek out and recommend locations which in so far as possible would conform to the war criteria of speed in output but which also would create a minimum of local maladjustment and contribute toward a balanced use of available industrial resources in the several regions of the country. In many instances, however, it has not been possible to meet all these requirements, since military necessity often required the overruling of economic criteria. The failure was in part unavoidable, since time was the Nation's most limited resource and speed of output the most urgent goal.

After the war both private industry and governmental agencies will be faced with serious problems of minimizing the maladjustments resulting from wartime industrial expansion. A particular responsibility will rest on the Federal Government in the disposal of its huge investment in war plants and in promoting the conversion or adaptation of many of these war plants to peacetime uses. The present report will, we believe, be of material assistance to the agencies of government concerned with these problems and likewise to private business in its task of readjustment and conversion of industrial operations to peacetime uses. It is our belief also that regional and State planning boards and local development commissions will find this report of great assistance in their development work.

The criteria outlined in the report will help to focus the interests and efforts of both private industry and public or quasi-public development agencies on more rational locational decisions and, therefore, should aid in developing a more stable and productive economy.

Respectfully submitted,

FREDERICK A. DELANO,
Chairman,
CHARLES E. MERRIAM,
GEORGE F. YANTIS.

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