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February 28, 1946

LISTED

Mr. Charles E. Wilson, Chairman
Policy Committee on Standards
General Electric Company
570 Lexington Avenue
New York, New York

PLEASE RETURN
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Room 6423

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Dear Mr. Wilson:

This is with reference to the report of your Policy Committee on Standards which was made last June, and the supplementary report submitted on December 22, 1945 after further hearings on the original report. I am very sorry not to have been able to write you sooner on this matter, but I wished to have a careful study made of these reports in relation to the proposed reorganization of the Department.

I believe that the Department can accept wholeheartedly the general objectives and spirit of your Committee Report, which is to encourage the wider use of standards in industry and to bring about the greatest possible cooperation among the various organizations active in this field. The Department will be delighted to see the American Standards Association and other organizations pursue a vigorous program in the field of trade standards and will cooperate to the fullest extent in providing both scientific and technical, and economic and marketing data which will be useful in such a program.

One of the two principal recommendations of your Committee fits in very well with the plans for the reorganization of the Department. I refer to the recommendation that the divisions of Simplified Trade Practices and Commercial Standards be transferred out of the Bureau of Standards to a "more suitable status elsewhere in the Department", and that "the Bureau of Standards' functions should be those of basic research, furnishing of facts, measurements and technical assistance in the development of adequate testing methods". The logical place for these two divisions is the new Office of Domestic Commerce, which will be responsible for the Department's general services and programs for the promotion of domestic industry, business and trade. In accordance with your recommendations, I am planning to have these divisions transferred from the National Bureau of Standards to the Office of Domestic Commerce as soon as it is legally possible and suitable internal arrangements can be made.

The other principal recommendation of your Committee is that the Department of Commerce withdraw from the field of initiating and publishing standards which are voluntarily agreed to by industry groups as soon as the

CC: Mr. Howard Coonly
Fraser/Hausser:dmy

141

Mr. Charles E. Wilson - 2

2/28/46

American Standards Association "implements itself for such functions". Your Committee has supported this recommendation with the following considerations: (1) that "interested private groups are best qualified to initiate and formulate voluntary standards"; (2) there is now some duplication of effort as between the American Standards Association and the Department; and (3) the voluntary standards published by the National Bureau of Standards have sometimes been misinterpreted as scientifically determined government standards, or as compulsory standards.

Certainly the Department does not wish to compete with, or to duplicate, the services which private organizations can provide equally well, nor does the Department wish to have voluntary industry standards misinterpreted as scientific or compulsory government standards. We have tried to guard against such misinterpretations by printing on the face of the booklets published by the National Bureau of Standards, "A RECORDED VOLUNTARY STANDARD OF THE TRADE", and in other ways.

I do not believe, however, that the Department of Commerce can properly close the door to industry and other economic groups which request the direct assistance of the Department in developing and in publishing voluntary standards on their behalf. The Department has a statutory responsibility to provide such services in the interest of business and industry and the general public and we have no authority to refuse such requests. In addition, there may be circumstances in which the cooperation of the Department of Commerce and the Department of Justice will be desirable in order to avoid any possible misinterpretation of voluntary industry agreements on standards in relation to the anti-trust laws. However, to the extent that the American Standards Association reorganizes its procedures in accordance with the recommendation of your Committee so that it can perform trade standard services to the satisfaction of all the groups with an interest in standards, the Department is prepared to encourage the use of the facilities of the American Standards Association for the initiation, development and publication of standards.

In view of the tremendous list of commodities, practices and services and the limited facilities of the Department in the commercial standardization field, it would seem eminently desirable that the American Standards Association and other voluntary business groups as well, expand and improve their facilities for negotiating and publishing trade standards. In fact, I regard it as one of the important functions of the Department of Commerce to encourage and stimulate such a development. The Department itself does not plan, nor can it hope to monopolize this field of activity. On the contrary, it is the job of the Department as I see it to stimulate and assist activity by private groups in this field and to perform a pilot function in commercial standardization work as it has been doing for some two decades.

In view of the above considerations, I envisage that after their transfer from the National Bureau of Standards the divisions of Simplified Trade Practices and Commercial Standards will perform the following functions with respect to voluntary trade standards and simplified trade practices:

Mr. Charles S. Wilson - 3

2/22/46

1. As recommended by your Committee, sponsor and perform basic research in the economic and marketing fields for the American Standards Association and other groups and organizations engaged in formulating voluntary standards or desiring to initiate standards;

2. As recommended by your Committee, act as sponsor for groups in proposing standards to the ASA for issuance as American Standards;

3. Retain the Department's present function of initiating and proposing to the ASA or to any other group or groups the development of voluntary standards where the Department finds on the basis of economic studies that such standards would be desirable in the public interest; and

4. Retain the function of publishing a voluntary standard developed by a group if that group requests the Department to publish. Such standards will be published by the Department of Commerce (not the National Bureau of Standards) and will clearly indicate the industry or other group or groups on whose behalf the Department is publishing. However, where testing methods or the research of the National Bureau of Standards have contributed to the establishment of particular standards appropriate credit will be given to the Bureau in publication.

This in general will mean the continuance of the functions of the Department on commercial standards and simplified trade practices in accordance with well established procedures. However, the Department would be prepared as a matter of policy to suggest, when the Association's facilities are adequate, that standards be submitted to the ASA for publication as American Standards. The business group would, however, be perfectly free to make its own decision as to whether to publish the standard under its own name; through the American Standards Association; or through the Department of Commerce.

The Department is interested in cooperating actively with your Committee and with the ASA and other interested groups to promote the wider use of voluntary standards and their adoption to the needs of the nation's commerce in the postwar years. I should like to suggest that a joint conference committee of the ASA and the Department be set up for this purpose. I believe that this conference committee should cover the entire field of standards — the scientific, technical and testing aspects as well as the economic, marketing and trade aspects of the problem — and that the Department's representatives on the committee should therefore include scientists of the National Bureau of Standards as well as officials of the Office of Domestic Commerce, Office of the Solicitor and the Office of Program Planning.

I should also like to ask that your Policy Committee on Standards continue to function as an advisory group to me and to the Department of Commerce so that I may consult it from time to time on questions of broad policy in the field of standards. I feel that the experience of your committee during the last year will be of great value in dealing with additional problems which will arise in this growing field of standards, and that the continuance of the committee will insure maximum use and benefit of that experience.

Mr. Charles E. Wilson - 4

2/28/46

I wish to express to you and to your Committee my sincere appreciation of the service which you have performed for the Department and for American business in your consideration of this important subject. Your studies have helped to clarify the entire situation and to point out some of the things that need to be done to promote the more extensive use of standards in the postwar period. I sincerely hope that I may count on your continuing cooperation.

There is attached an abstract of this letter outlining the Department's future policy on standards which has been prepared to meet Mr. Knoderer's request for a short and succinct statement for general distribution.

Sincerely yours,

Henry A. Wallace

Attachment

RECEIVED FOR FILING

MAR 4 1946

**PROGRAM OF THE DEPARTMENT OF COMMERCE
ON COMMERCIAL STANDARDS AND
SIMPLIFIED TRADE PRACTICES**

Abstract of a letter from Secretary of Commerce, Henry A. Wallace,
to G. E. Wilson, Chairman of the Policy Committee on Standards of
the Department of Commerce.

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- 3 -

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- 3 -

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