

MILITARY PROCUREMENT AND  
DISTRIBUTION  
OF PERISHABLE SUBSISTENCE

Thesis for the Degree of M. A.

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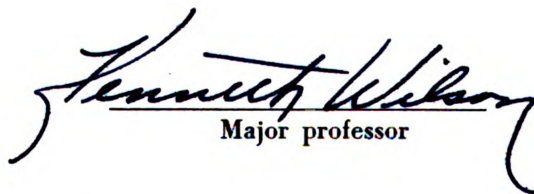
MILITARY PROCUREMENT AND DISTRIBUTION  
OF PERISHABLE SUBSISTENCE

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**MILITARY PROCUREMENT AND DISTRIBUTION  
OF PERISHABLE SUBSISTENCE**

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## THESIS





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## CHAPTER I

### INTRODUCTION

#### Purpose

The purpose of this study is to present a picture of a relatively new and unique concept of food procurement and distribution as related to the Armed Forces of the United States of America. This concept began in 1941 with the establishment by the Army of the Quartermaster Market Center System for the supply of perishable subsistence to the members of the Army. The Market Center System was a wartime measure designed to fill the needs of millions of men for perishable foods in terms of the right quality, quantity, time, and place. As such, it replaced the peacetime policy of independent local procurement by the individual installations, which was incapable of meeting wartime requirements.

Formulation of this program represented a complete departure from the traditional Government method of subsistence procurement by formal advertising for relatively small lots which was used up to that time by the local installations of the Army. Uniqueness of the concept lay in the idea of transferring to the



organizational and administrative structure of the Army the fast, mass-buying techniques of the commercial chain stores, whereby civilian marketing specialists negotiated directly with wholesale vendors or producers for the procurement of perishables. From its inception, therefore, the Quartermaster Market Center System possessed a dual military-civilian setup that has remained an identifying characteristic throughout its existence.

### Sources

Sources of material for the thesis were varied. Recourse was made to several publications relating to procurement procedures and to service technical manuals detailing procedures. Mimeographed material from the Quartermaster Market Center System constituted the remainder of the written source material. Several of the publications were secured from the Superintendent of Documents, Washington, D. C. Extensive use was also made of the library facilities at Fort Custer, Michigan.

Interviews were secured from former officers of the Market Center System, the Director of Supply for Headquarters of the 10th Air Force and the Sales Officers at Fort Custer and Selfridge Field, Michigan. In addition, the chief clerks of commissary stores and the Purchasing and Contracting Officers for commissary stores at these installations were interviewed.

## CHAPTER II

### PERISHABLE SUBSISTENCE AND THE SUBSISTENCE SUPPLY SYSTEM PRIOR TO THE MARKET CENTER SYSTEM

#### Perishable Subsistence

While the most important components of the American Army ration have always been those two staples, bread and meat, the use of vegetables and milk was authorized at the beginning of the Continental Army. The first legislation fixing the components of the Army ration<sup>1</sup> passed by Congress on November 4, 1775, included 6.8 ounces of peas or vegetable equivalent and 16 ounces of milk in addition to the staples: 16 ounces of beef or 12 ounces of pork, or 16 ounces of salt fish and 16 ounces of bread or flour. Other items covered by this action were one quart spruce beer, 1.4 ounces of rice, .1830 ounces soap, and .0686 ounces candle.<sup>2</sup>

On December 24, 1775, the ration established by Congress was modified somewhat by a general order from Army Headquarters. Corned beef and pork were recommended for four days of the

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<sup>1</sup>Definition of Ration - the allowance of food for the subsistence of one person for one day.

<sup>2</sup>Rations. Quartermaster School, Fort Lee, Virginia, January, 1949, p. 1.

week, salt fish for one day, and fresh beef for the remaining two days. Since milk was not available during the winter seasons, the men were to have  $1\frac{1}{2}$  pounds of beef or 18 ounces of pork. Besides the fresh beef, other perishables added at this time were 6 ounces of butter or 9 ounces of lard per week, and onions, potatoes, and turnips, as the "vegetable equivalent" of the peas.<sup>3</sup> These perishable components of the ration remained substantially unchanged during the entire war, though the deficiencies of transport in the Continental Army make it appear that they were seldom issued in the field. After the surrender of Cornwallis at Yorktown on October 19, 1781, and the demobilization of the Continental Army by Congress in 1783, the meat component was reduced in the next year or two to one pound of beef or 12 ounces of pork per man per day, and milk, butter, and fish disappeared entirely from the ration.<sup>4</sup>

The virtual elimination of perishable subsistence was to prevail generally in the American Army for more

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<sup>3</sup>Prescott, Samuel C. Troop Feeding Programs: A Survey of Rationing and Subsistence in the United States Army, 1775-1940. National Defense Research Committee, Office of Scientific Research and Development, Washington, D. C., 1944, p. 3.

<sup>4</sup>Cassidy, Elliott. The Development of Meat, Dairy, Poultry, and Fish Products for the Army. Historical Section, Office of the Quartermaster General, Washington, D. C., 1944, p. 2.

than a century, despite the fact that there was to be a slow growth in the use of perishable food and a gradual increase in its popularity. With green and leafy vegetables absent from the ration and with potatoes, onions, and turnips classified only as alternatives to the dry peas, the Army diet was now largely confined to salted meat or fish and to starchy foods.

Indicative of the slow headway made by perishable food in the Army is the fact that it was not until the Civil War that the use of fresh beef was extended and potatoes were included as a regular component in the ration rather than as a substitute. One of the several Civil War legislative acts for the military establishment of the United States passed August 3, 1861, provided for the issuance of fresh beef, when practicable, as often as required by the commanding officer of any detachment or regiment, and for one pound of potatoes per man at least three times a week, though this was conditioned on practicability and availability.

Neither fresh beef nor fresh vegetables were always available in the active campaigning of the war, and the men were confined, more often than not, to subsisting on their iron rations consisting generally of side-meat known as "sowbelly," crackers termed "hardtack," coffee,



and sugar. As in the earlier periods such a diet, consisting as it did, of too much salt meat and an insufficiency of vegetables, frequently became a cause of scurvy among the men. By 1863, however, 30 pounds of potatoes per 100 rations were being authorized, and it was also around this time that the use of dried compressed potatoes and vegetables mixed came into being--very early forerunners of the dehydrated products that were to be employed so extensively in World War I.<sup>5</sup>

While the Army ration remained essentially unchanged in its components after the Civil War, interest now began to be displayed in the question of the food and energy value of the subsistence supplied to the troops. In a report to the Surgeon General in 1875, an analysis of the ration made at Fort Leavenworth concluded that the American ration was below the English ration in energy value, being particularly deficient in fresh vegetables and milk. The general impression that the United States soldier was liberally supplied was held to be erroneous. Recommendations

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<sup>5</sup>Prescott, Samuel C. Troop Feeding Programs: A Survey of Rationing and Subsistence in the United States Army, 1775-1940. National Defense Research Committee, Office of Scientific Research and Development, Washington, D. C., 1944, pp. 9-10.

made in the report as to desirable changes in the diet included the issuance of fresh fruits and vegetables, dried fruits, and other items suitable for transportation such as cheese, canned milk, butter, canned meats, and canned vegetables. Encouragement of the cultivation of gardens in garrisons and at posts was urged, with the cost to be borne by the Government. It was contended that the development of such local sources of supply for perishables would also enable the keeping of cows and fowl, thus providing the men with milk, cheese, butter, and eggs as "indispensable elements in the dietary of military populations."<sup>6</sup>

As a result of such investigations, the Army ration of 1892 provided for fresh beef and fresh fish, in addition to pork, bacon, salt beef, and dried and salted fish. The fresh vegetable components now included, besides potatoes, a limited amount of onions, canned tomatoes, cabbage, beets, carrots, turnips, and squash. Through company savings, augmented by profits from the Post Exchange, it was possible for company commanders to make outside purchases. In this way desirable perishables, not

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<sup>6</sup>Ibid., p. 19.

included in regular rations, such as butter, lard, eggs, and milk, could be made available to the men.<sup>7</sup>

At the outset of the Spanish-American War the 1892 ration was still in effect, and in order to meet requirements great quantities of canned beef and canned corned beef were ordered. At the same time, fresh carcass beef, pork, and mutton also began to be used extensively as a result of the considerable progress that had already been made by the packing industry in improving the methods for the processing and handling of fresh meats, as well as through the use of railway, refrigerated cars introduced commercially in the last quarter of the century. In addition, field refrigeration plants and refrigerated transports were also employed for the first time. The use of the refrigerated transport made it unnecessary to ship livestock, thus permitting a reduction in tonnage during the war of nearly 50 percent.<sup>8</sup>

For a variety of reasons, however, neither the canned nor chilled or frozen meats achieved results that could be termed satisfactory. In the case of canned products, the lack of thorough inspection due to the hasty deliveries

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<sup>7</sup>Ibid., p. 24.

<sup>8</sup>Ibid., p. 26.





demanding, the imperfect sterilization and sealing of the containers, and the insufficiency of trained subsistence officers and personnel to insure proper quality procurement, resulted in spoilage of the contents of the cans. In the case of the fresh or carcass meats, the storage and refrigeration facilities were far from adequate. As a consequence of both situations the troops were issued large quantities of half-decomposed meats.<sup>9</sup>

In addition to the troubles experienced with both canned and chilled or frozen meats, another great difficulty was encountered in the securing of fresh vegetables and rice from the Commissary Department. In a criticism of the Army ration during the war, Major Louis L. Seaman, in May, 1899, stated that the vegetables "brought by the regiment rotted on the ship before they could be landed, and those issued by the commissary were for the most part so decayed as to be unfit for use."<sup>10</sup>

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<sup>9</sup>Cassidy, Elliot. The Development of Meat, Dairy, Poultry, and Fish Products for the Army. Historical Section, Office of the Quartermaster General, Washington, D. C., 1944, p. 9.

<sup>10</sup>Prescott, Samuel C. Troop Feeding Programs: A Survey of Rationing and Subsistence in the United States Army, 1775-1940. National Defense Research Committee, Office of Scientific Research and Development, Washington, D. C., 1944, p. 41.

Out of the food experiences of the Spanish-American War came an act of Congress, passed in 1901, which authorized the President to prescribe the kinds and quantities of the Army ration, and to direct the issue of substitute equivalent components whenever, in his opinion, with a due regard for economy, the health and comfort of the troops so required.<sup>11</sup> This act was followed by a general order of the War Department defining the garrison ration. Insofar as perishables were concerned the garrison ration provided for the inclusion of 20 ounces of fresh beef and 16 ounces of potatoes, with substitutions of 4-4/5 ounces of onions or 4-4/5 ounces of fresh vegetables for an equal amount of potatoes. The field ration contained the same amount of fresh beef and potatoes as the garrison list, but permitted dried potatoes and onions, and canned tomatoes as substitutes.<sup>12</sup>

The scientific advance made in the first part of the twentieth century in the research, processing, and handling of perishable foods, in the development of the refrigeration principle to a higher level, and in increasing the speed and efficiency of transportation facilities and methods,

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<sup>11</sup>Ibid., p. 46.

<sup>12</sup>Ibid., p. 48.

enabled marked progress to be made in supplying the Army of World War I with fresh meats of all kinds including carcass and boneless beef. In addition poultry, eggs, milk, butter, cheese, vegetables, and fish were supplied. Contributing to this advance in the Army's use of perishables since the Spanish-American War were the newly created national eating habits of the population of the country and the concepts of proper diet in relationship to health that had arisen out of the developments mentioned above. These factors made it a virtual necessity for the Army to purchase and use large quantities of fresh perishable foods for an Army of civilians accustomed to having them.

In the domestic installations the use of perishable foods were, relatively speaking, widespread. The use of fluid milk was rather extensive in some of the camp training areas. Processed eggs were in evidence in quantity, particularly for cooking purposes, and to a limited extent for table use. Lard was employed on a large scale, along with smaller quantities of vegetable shortening. Cheese also assumed an important role as a substitute for meat both in the United States and overseas, while butter was issued at the rate of one-half ounce per ration.

In respect to the use of perishables, the so-called Pershing garrison ration of 1918 called for 20 ounces of fresh beef per day with fresh mutton, boneless beef, and pork listed as substitute meat items. Also in the substitute category for fresh beef were such smoked, canned and fried articles as bacon, sausage, roast beef, corned beef, corned beef hash, fish, dried fish, and cheese. In the vegetable category, 20 ounces of fresh potatoes were issued, with onions and canned tomatoes as substitutes for an equal amount of potatoes, but not exceeding 20 percent of the total issue in each case. Canned tomatoes to the extent of 15 ounces could also be used in lieu of the fresh variety. Other fresh vegetables were to be used for an equal amount of potatoes wherever they could be obtained by local purchase or when they could be transported from a distance in good condition.<sup>13</sup>

During the twenty-year period after the end of the first World War, and continuing until the inception of the Quartermaster Market Center System, the smallness of the military units, their wide dispersal throughout the country, and the fact that their total requirements were a very small part of the nation's production, caused food procurement in the Army to become completely decentralized

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<sup>13</sup>Ibid., p. 54.



to a local procurement basis, with each post, camp, and station purchasing its own perishables from adjacent wholesale markets.

With the range of items in the legal ration being gradually expanded in the period between the two World Wars, the ration came to represent, in effect, little more than a monetary unit used to establish the money allowances granted to each post, camp, or station for the purchase of its own food requirements. Under these regulations, the procurement of a wide variety of perishables by each installation was possible, with the composition of the actual menu largely under the control of the company commander and mess officer.

In 1925, because the money value of the Army ration was only 31.5 cents compared to the Marine ration value of 49.7 cents and the Navy ration of 52.3 cents, complaints began to be voiced that the Army was being discriminated against, that its ration was inadequate and compared most unfavorably not only with those of other branches of the Government Service but also with the fare of unskilled laborers, and that this situation had an adverse effect upon morale. As a result of this agitation for further improvement in the Army ration, President Coolidge signed

Executive Order 4850 on February 3, 1927, modifying and increasing the list of components in the ration. Order 4850 increased the meat components to 18 ounces of fresh or frozen beef and 6 ounces of bacon, fresh vegetables to 17 ounces of potatoes, 5 ounces of onions, and 2 ounces of canned tomatoes and butter to 1.75 ounces.<sup>14</sup>

Intensive study, investigation, and experimentation by the Quartermaster Subsistence Branch with certain food components, as well as on the broader aspects of the whole perishable food problem, revealed that, in spite of the increased ration components, a deficiency in respect to vitamin and mineral requirements existed that could only be corrected through recourse to a wider range of fresh dairy products, vegetables, and fruit. On November 23, 1932, President Hoover signed Executive Order 5952, changing the ration to include the desired modifications. The meat component now embraced, in addition to fresh beef and bacon, chicken, pork, and eggs; canned string beans, corn, and peas were added to the potatoes, onions, and canned tomatoes of the former fresh vegetable list; allowances for butter and cheese were increased; and fresh milk, to the extent of 8 ounces daily, officially became a part of the ration.<sup>15</sup>

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<sup>14</sup>Ibid., p. 67.

<sup>15</sup>Ibid., p. 72.

With a few minor changes from time to time, the new Army ration represented the high mark in the evolution of the ration between the two World Wars. It had come about as the result of continuous and intensive research on the part of the Subsistence Branch of the Quartermaster Corps between 1920 and 1940, especially in the second decade. During this latter time, when the effects of the depression began to be felt more and more, lack of funds and personnel greatly limited the areas and scope of research. But by relying heavily upon the facilities and experience of industry, which actively cooperated with the Quartermaster Corps in the conduct of its investigations and experiments, the Subsistence and Research and Development Branches of the Office of the Quartermaster General were able to achieve notable results. Besides the development of specific food and ration items, such vitally important aspects of the total food problem as calorie value, storage and keeping quality, vitamin and mineral content, availability, and finally, palatability and general acceptance by the troops, were all studied intensively.

The research efforts between wars were directed to the sole end of securing for the American soldier a diet more varied, acceptable, and nutritious than any he would be likely to encounter in civilian life. Not until

World War II, with its much greater emphasis upon the procurement and distribution of perishable foods as an activity separate and distinct from the supply of non-perishables, were the quality, desirability, and health-giving properties of this diet to be surpassed.

### The Subsistence Supply System

Organization of the supply of subsistence in the Army began on June 16, 1775, when Congress passed a resolution stating: "There shall be one Commissary General of Stores and Provisions." Prior to that, each colony supplied its troops by their own colonial commissaries, aided by committees. On July 19, 1775, Joseph Trumbull was appointed Commissary General of Stores and Provisions for the Army of the United Colonies, whereupon Army Headquarters issued a general order directing all previously appointed colonial or district commissaries to report promptly to Trumbull as to all types of provisions on hand in or near the camps at Cambridge or Roxbury. It was in this manner that the first orderly methods and procedures were set up for the handling of commissary accounts in the Army, and for the maintenance of an accurate record of supplies. The Congress also established a Commissary of Stores and Provisions for the New York

Department, and in the spring of 1776 created Commissaries-General for the Army of the United Colonies in Canada, and for supplying rations to troops in Virginia. In the first plan of Organization for the Subsistence Department, the regimental quartermasters served also as the regimental commissaries, drawing the supplies for their regiment each week, and settling their accounts with the Commissary-General or his deputies.

Establishment of this food supply organization, however, did not solve all of the difficulties of the earlier system, and after the authorization of the first ration in 1775, new and additional problems arose, with a consequent increase in inefficiencies and irregularities in administration and management. The first congressional committee to investigate these matters was appointed in 1777. In a report that has a familiar ring, the committee charged that there was either a lack of ability or integrity in the men of the department in discharging their trust, that extravagance and dissipation of public money was continuing, and that "disqualified persons" were being employed who, "regardless of the general good," were bidding against each other, "under an idea of receiving commissions or compensations proportioned to the sums they expend."<sup>16</sup>

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<sup>16</sup>Ibid., p. 10.

Congress accepted the committee's report and adopted the recommendations. The new system called for the appointment and control by Congress of a Commissary-General of Purchases and four Deputy Commissaries-General, and a Commissary-General of Issues and three Deputy Commissaries-General. As many assistant commissaries as necessary were to be appointed by the deputies. An important feature of the new system was that each assistant commissary, as an incentive to efficient operation, was allowed "ten percent on the sum which he saved by purchasing good provisions at less prices than such as are fixed in the respective states."<sup>17</sup>

In 1779, in place of direct supervision by Congress, the whole purchase and issue system was transferred to the Board of War, the functions of which corresponded to the later Secretary of War. Transport problems and scanty or undelivered rations by the contractors created difficulties that resulted in responsibility for the purchase of Army supplies being delegated to the Treasury Department with the contracting system continuing. With the exception of legislation in 1802 providing for civilian purchasing agents and assistant agents, who were line officers and

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<sup>17</sup>Ibid., p. 13.

assisted at each military post, the same general system was the program for a number of years.

The act of 1818, which set up a separate military organization for the procurement and supply of subsistence for the Army, contained several important provisions and provided the basic organizational structure that was to endure until 1912. The first called for the appointment by the President, as soon as the state of existing contracts permitted, of "one Commissary-General with the rank, pay and emoluments of colonel of Ordnance." He and his assistants, who were to be taken from officers of the line, were to give bond and security concerning the performance of their function of purchasing and issuing rations to the Army. The second provision called for contracting by "public notice" with "inspection on delivery," under such regulations as the Secretary of War might direct. The third provision prohibited the Commissary-General and his assistants from being "concerned, directly or indirectly, in the purchase or sale, in trade or commerce, of any article entering into the composition of the ration, allowed to the troops in the service of the United States, except on account of the United States." This same provision, which made the Commissary-General and his assistants subject

to martial law, also directed that no officer was to "take and apply to his own use any gain or emolument for negotiating or transacting any business connected with the duties of his office, other than what is or may be allowed by law." The effect of these provisions was to eliminate most of the evils of the previous private-contract system, set up standards of policy for officers that were to be enduring in the War Department, and lay the foundation for the type of Subsistence Department that eventually evolved in the 20th century.<sup>18</sup>

Ninety-four years after the establishment of the commissariat in 1818 as a separate military organization for the procurement, storage, and distribution of food to the Army, a rider to the Army Appropriation Act of 1912 merged the Subsistence Department with the Quartermaster and Pay Departments to form the present Quartermaster Corps. It was with this organizational structure that the United States entered the first World War on April 6, 1917.

The tremendous job of purchasing, distributing, storing, and issuing subsistence to the rapidly expanding army in the camps was accomplished through a system of decentralized procurement, under the Quartermaster depots,

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<sup>18</sup>Ibid., p. 36.



for the various districts in the country. Experience, however, soon demonstrated that too narrow and rigid consolidation of procurement on the different supply items among the depots failed to utilize to the fullest extent all of the country's resources. In order to provide for the broad development of the national potential, as well as to implement the policy of centralized procurement control by Washington, the Office of the Quartermaster General in July 1918, established a system of procurement and distribution by "zones" in the United States. The thirteen general procurement zones in which the general supply depots operated, modified somewhat for subsistence procurement and also for the Quartermaster distribution function, were clearly defined, with little possibility of conflict or overlapping of operations. Through the zone system the Office of the Quartermaster General was now able to keep every part of the country under a closer surveillance on subsistence matters, and thus achieve better overall direction and coordination of procurement. It was now possible for the Office of the Quartermaster General to keep informed as to the market conditions, relative prices, surpluses or shortages, and the status of production in each section or locality in the country.

This made it possible to allocate purchases throughout the nation, thus better distribution of orders resulted in lower prices and improved quality of the products obtained.

Under the zone system all procurement in the field was by competitive bidding after advertising, except in instances of emergency or inadequate supplies. In such cases, contracts or orders to vendors were made by the depots through allocation procedures. This purchase and procurement procedure first called for the submission of estimates of food needs from the depots to the Office Quartermaster General Subsistence Division. The Office of the Quartermaster General then saw to it that the proper purchase allocations were made to the various zones. Placement of the awards was also under Office of the Quartermaster General supervision, with the bids received by the depots having to be relayed to Washington for comparison. After comparing the bids, the Subsistence Division issued directions as to which depot should make the procurement, or, if needed, set forth whatever other specific procedure should be used instead. Adopted at first for the procurement of 33 food items, this system came to be extended to include most of the food purchased by the Army.

The final feature of the zone supply system from the subsistence standpoint grew out of the formation of the distribution zones based upon the procurement zones. The creation of zones for distribution brought to an end the separation that had been established at the beginning of the emergency between the supply departments and the territorial military departments in the field. Under the earlier arrangement, the divisional camps had been made independent in supply matters as well as military ones. Now they were placed directly under the jurisdiction of the zones for supply. This meant that all field installations would henceforth be supplied directly from the Quartermaster zone depot, without the interposition of the territorial department quartermasters.

After World War I the size of the Army, in conformance with American practice, was sharply reduced. Due to this, centralized direction and coordination of food procurement by the Office of the Quartermaster General in Washington was abandoned. Subsistence purchasing now became almost decentralized, with the Quartermaster depots responsible for the procurement of non-perishable subsistence, while all perishable foods were purchased independently by the local military installations.

The system of procuring the various perishable items locally was the Army's standard, orthodox method of indefinite quantity contracts, which were made on the basis of bids submitted by the vendors thirty to sixty days in advance of the delivery date. The contracts were usually awarded each month by a purchasing and contracting officer who was guided by a list of fair market prices sent to him at stated intervals by the subsistence sections of one or more Quartermaster depots. Requirements for each installation were determined by its mess or commissary officer, known as the Sales Officer, who was granted a certain monetary ration allowance per day for each man of the unit. Using this ration allowance, which was subject to revision from time to time as changes took place in food price levels, the Sales Officer could arrange to buy whatever perishables he thought desirable. Under the indefinite quantity type of contract, the quartermaster on delivery date could request as much more or less than the quantity named in the contract as he wished, since the quantities listed in the request for bids and the contracts were "for information only." It was estimated that under this system the vendor charged 15 percent more than normally, to cover the risks of the indefinite quantity provision and the market uncertainties of the extended period between contract

and delivery. In addition, it was believed that the "better merchants" refused to participate in such a speculative business.

Besides the greater costs of perishable merchandise accruing to the Government from those extra overhead and risk charges attached to the prices bid by the vendors, as well as from the fact that competition was thus limited to wholesalers inclined to charge more by virtue of the reluctance of the more conservative firms to bid for Army business, the local procurement policy contained many other weaknesses and disadvantages, even under the peacetime economy. Operations on a local procurement basis resulted in numerous variations throughout the country in both the prices paid and the quality of the produce obtained. Because of the virtually independent character of this type of local purchasing, only limited overall control could be maintained by Washington. Hence, in a time of scarcity the local procurement system did not lend itself well to being coordinated on a national scale for the purpose of effecting economy in buying. Conversely, when a national surplus developed, it was not always possible to take full advantage of it under this system.

Another weakness in the system lay in the fact that the men who operated it were officers attached to individual

military units, who did not usually possess the wide knowledge and experience that was essential to procurement in the perishables field, especially in respect to fresh fruits and vegetables, and in regard to all perishable procurement in large quantities.

With the growing emergency in 1940 and early 1941, however, the supply of perishables to the Army and other military and naval branches fast became a wartime problem that could no longer be viewed from the local procurement standpoint. Once the Selective Service and Training Bill became law in September, 1940, and the Army began to expand rapidly in consequence of it, the need for planning an expanded perishable subsistence procurement became clear and urgent. Reports began to come in from various sections of the country showing inordinate and dangerous disruptions of the civilian food supply and economy caused by the large concentrations and movements of troops in the training areas.

In the light of all these considerations it was obvious that the peacetime local procurement system would prove inadequate to meet the requirements of war supply of perishables to the armed forces of the country. It was of vital importance that a new concept for a different supply system be evolved almost immediately--one that would

successfully meet and handle the difficulties and exigencies that were certain to ensue in war time. The resulting concept was the Quartermaster Market Center Supply System established in the spring of 1941.

## CHAPTER III

### THE QUARTERMASTER MARKET CENTER SYSTEM

The planning and initial development of the Market Center System were emergency measures designed to effect the rational and coordinated procurement, storage, and distribution of perishable subsistence to the armed forces of the United States during World War II. It was a three-point program calling for centralized national control, decentralized field operations, and maximum reliance upon trained and experienced civilian marketing specialists to do the purchasing. The agency constituted a cooperative undertaking participated in by the Army, other Government agencies, and representatives of the commercial perishable food trades.

#### Fresh Fruits and Vegetables

On March 19, 1941, the Office of the Quartermaster General Circular Letter No. 42 heralded the birth of the Market Center System. The organization was only a skeleton, leaving room for development and expansion according to need. Confined at this time to the procurement of fresh fruits and vegetables only, the Quartermaster Market Centers



for Perishable Subsistence numbered thirty and were under direct control of the Quartermaster General, who allocated funds for all purposes. The Market Center in Chicago was designated the central office for administrative purposes. The thirty market centers were listed by corps areas with the camps they were to serve. Posts, camps, and stations with strengths of less than two thousand and other military installations not within a reasonable distance were exempted from market center procurement. They were to utilize the facilities of the market center in order to check prices and insure full use of seasonal perishable subsistence. Later the exempted installations were attached to larger camps in their areas, as "satallites," and thus supplied by the Market Center System.<sup>1</sup>

Each market center was in charge of a commissioned officer of the Army known as the Purchasing and Contracting Officer. He was advised and assisted by as many civilian market specialists, inspectors, and clerks as the Quartermaster General authorized. The marketing specialists, selected for their expert knowledge of all phases of marketing fresh fruits and vegetables, were specifically

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<sup>1</sup>Rijkind, Herbert. Fresh Foods for the Armed Forces, Historical Section, Office of the Quartermaster General, Washington, D. C., 1951, p. 27.

charged with the responsibility of selecting, inspecting, and grading all of the commodities purchased.

Market centers were informed of the needs of posts, camps, and stations by means of requisitions which were submitted at least 15 days before requisitioned items were needed. These requisitions were based on master menus prepared by the Office of the Quartermaster General and indicated the day to day requirements of the installation for fresh produce.

The Market Center System encouraged the purchasing of carlot and trucklot quantities of fresh fruits and vegetables, since material savings would be made by this method. Carlot procurement was not made solely for the camps, posts, or stations served by a market center, but was also made by a market center in a large producing area for military installations on a nation-wide basis. Carlots and trucklots might be split between two or more delivery points. Less than carload lots would be procured only when it was not possible to purchase in carlot quantities.

The inception of carlot buying, plus the overall supervision by Field Headquarters in Chicago, was a development of paramount importance. Teletype machines were placed at Field Headquarters and in all market centers

permitting immediate intercommunication with local markets. Market centers referred all carlot requirements to the Field Headquarters. If after surveying national market conditions it was found that the local market center could make the most advantageous procurement, it was instructed to do so.

Carlot buying was developed to facilitate buying from growers instead of from commission merchants or jobbers. The procurement specialists who came to the Market Center System from the commercial world were accustomed to field buying for fresh fruits and vegetables. The large chain stores with which most of them had previously been connected maintained temporary field buying offices in all of the major producing regions of the country and achieved many of their economies by the practice of buying in large quantities directly from the producers. The field buying offices established by the market center were temporary. Frequently a hotel room equipped with a telephone was used by the field buyer to cover adjacent growing districts. Eventually a systematic rotation of temporary field buying offices was arranged, whereby the field buyer operated in different sections of the country at different seasons and so was in harvest areas throughout the year.

### Expansion of Procurement

As soon as the procurement of fresh fruits and vegetables was in progress, preparations were begun for the procurement of dairy products and poultry. Establishment of procurement in these fields was followed by the inauguration of procurement of meat and fish, of frozen fruits and vegetables and, in limited areas, fresh milk.

#### Dairy Products and Poultry

Procurement for dairy products and poultry was begun on July 1, 1941. Emphasis was placed on buying these products as close to production points as possible. It was necessary to conduct many of the negotiations with commission merchants, because in many cases they assembled these foods in units that fit the needs of the military. Major emphasis was on carlot procurement in order to realize the greatest economies.<sup>2</sup>

#### Meat

Central procurement of meat began in the spring of 1942. The Chicago Market Center was designated to handle the procurement of all carlot quantities, while less than

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<sup>2</sup>Cassidy, Elliott. The Development of Meat, Dairy, Poultry, and Fish Products for the Army. Historical Section, Office of Quartermaster General, Washington, D. C., 1944, p. 37.

carload quantities were handled by ten market centers at which meat procurement specialists were stationed. These ten market centers were known as "subheadquarters" and bought for the other nearby market centers not having meat procurement specialists. Requisitions were handled in the same fashion as for other commodities and were passed to the designated market centers from which, if in carlot quantities, they were referred to the Chicago Market Center.<sup>3</sup>

Centralized procurement by the Market Center System afforded several improvements over local type procurement. First, open market purchases, eliminating formal invitations to bid on indefinite quantities, resulted in more accurate market values. Second, competition between installations was eliminated. Third, valuable market information was made available to posts, making it possible to suggest to them the use of varieties, grades, and cuts that not only represented the best values, but that also had the least effect upon the market. Finally, because the speculative character of Army contracts was lessened, new sources of supply were opened, particularly among small packers.

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<sup>3</sup>Ibid., p. 45.

### Waterfoods

The nation-wide procurement of water foods by the Market Center System was begun almost simultaneously with meat procurement. However, as the major supply of waterfoods was found in coastal areas on both the east and west coasts, many of the operations of the Market Center System were decentralized. Central control still rested at Field Headquarters in Chicago, but as far as operations were concerned Field Headquarters merely served as a transmittal point for waterfood requisitions. Seven selected port market centers were staffed with fish procurement specialists and assigned the responsibility of procuring waterfoods for Field Headquarters and for the posts, camps, and stations in the immediate vicinity. Field Headquarters received requisitions from the inland market centers not staffed with waterfoods procurement specialists, and then passed the requisitions on to the coastal market centers where procurement was accomplished. These seven market centers were also responsible for the storage and distribution of waterfoods.<sup>4</sup>

There were few precedents to follow in distributing waterfoods to the various installations about the country,

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<sup>4</sup>Ibid., p. 54.

since up to that time the Army had made use of these products. Furthermore, facilities for the storage of waterfoods in Army installations were inadequate, and it was necessary for the Market Center System to operate central storage facilities from which distribution was made to camps. Those installations which could take carlot quantities and store them adequately were shipped waterfoods directly. In the majority of cases the Market Center System itself stored the waterfoods in commercial warehouses and arranged distribution to the camps as needed. To insure that adequate stocks of waterfoods would be maintained, a seasonal storage program was instituted under which catches were stored, when the fish were running, for later use during scarce periods.

Because military installations were not experienced in the use of waterfoods, the Market Center System carefully edited requisitions and made suggestions to the camps by which economy and better results could be achieved in waterfoods preparation. When camps appeared particularly lax in developing the use of waterfoods, pressure was exerted via a letter from the Office of the Chief, Subsistence Branch, Office of the Quartermaster General, pointing out that the installation concerned

had used very little or no fresh or frozen fish and emphasized the nutritional values of seafoods.

#### Further Expansion of Procurement

As the Army grew and the program proved effective in the supply of adequate amounts of fresh foods to the armed forces, the Market Center System assumed the procurement of perishable foods which it had not originally planned to purchase. Foremost among these items were frozen fruits and vegetables, and milk.

#### Frozen Fruits and Vegetables

In December, 1942, a frozen fruit and vegetable procurement specialist was assigned to Field Headquarters in Chicago. He assumed the responsibility for directing market center procurement of frozen fruits and vegetables. Individual market centers bought frozen fruit locally in small amounts and Field Headquarters was responsible for the procurement of frozen vegetables.<sup>5</sup>

The plan was restricted to six basic vegetables: asparagus, peas, snap beans, lima beans, corn, and spinach. Posts, camps, and stations were to use the

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<sup>5</sup>Rijkind, Herbert. Fresh Foods for the Armed Forces. Historical Section, Office of the Quartermaster General, Washington, D. C., 1951, p. 49.



varieties of frozen vegetables in approximately the same proportions as they were procured by the Market Center System. For Zone of Interior installations the use of frozen vegetables was restricted to the seasons of the year when fresh vegetables were scarce.<sup>6</sup>

Procured stocks were stored as close as possible to the market center area where they were used, and held in the accountability of the local center. Distribution was restricted to those posts, camps, and stations at which conditions were suitable for use and storage. The elements considered in selecting the installations were: sufficient troop strength to consume a ten ton assorted truckload within a short period of time, available freezer space for storing at least one truckload at 0° to 10° F., and adequate trucking facilities to carry the produce from storage to camp.<sup>7</sup>

### Milk

As military installations increased and expanded, it became apparent to the Office of the Quartermaster General that the procurement of milk for the Army would have to be coordinated on the same nation-wide basis as

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<sup>6</sup>Ibid., p. 100.

<sup>7</sup>Ibid., p. 50.

other perishables. Nation-wide planning became inevitable during World War II when large numbers of Army personnel were located in areas where milk production was low, particularly in the south. The absence of coordination caused milk shortages at many of the posts, camps, and stations. The independent transportation, by many military installations in the south, of milk from northern states where surplus supplies were obtainable, together with the failure to plan and coordinate deliveries, made for misuse of the nation's transportation facilities at a time when rail equipment was at a premium. Another result was extremely high cost.

In December, 1942, the Office of the Quartermaster General announced that effective February 1, 1943, milk and ice cream for military installations in Virginia, North Carolina, South Carolina, Georgia, Florida, Alabama, Tennessee, Mississippi, Louisiana, Oklahoma, and Texas would be purchased through the Market Center System. The centers for milk procurement were the Columbus, Wilmington, and Fort Worth Quartermaster Market Centers with centralized control in Field Headquarters for procurement of carlot shipments from the north.<sup>8</sup>

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<sup>8</sup>Ibid., p. 50.

The volume of Market Center System milk procurement in the south and southeast is indicated by the following statistics: procurement for Virginia, North Carolina, and South Carolina conducted by the Wilmington market center averaged about 4,600,000 quarts of milk and 130,000 gallons of ice cream a month. From February, 1943 to March, 1946, a total of about 170,000,000 quarts of milk were purchased for this area at a cost of \$24,000,000, the average unit cost being slightly less than 14 cents a quart.

Procurement for the states of Mississippi, Alabama, Florida, and southern Tennessee conducted by the Columbus market center was 5,000,000 to 6,000,000 quarts of milk monthly. For the period from February, 1943 to March, 1946, the total procured was more than 190,000,000 quarts. The proportion of milk shipped into this area varied from 20 to 45 percent of the total requirements depending upon the season. The average price of locally procured milk was about 15.3 cents per quart.

Procurement for the states of Texas, Oklahoma, Louisiana, and New Mexico conducted by the Fort Worth market center totaled 200,000,000 quarts of milk for the period March, 1943 to March, 1946, and the total average cost was slightly over 13 cents a quart.<sup>9</sup>

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<sup>9</sup>Ibid., p. 51.

### Coordination of Menu Planning and Procurement

While centralized procurement was being developed, it was perceived that a major change in Army procedures in connection with the type of troop ration then being used would have to be made if the Market Center System plan was to function effectively. To do this it was necessary to modify the type of ration and install a central control over the menus used at the various posts, camps, and stations. Menu standardization would make possible coordination of menu planning with procurement, thus large scale carlot purchases could be arranged, and advantage could be taken of seasonal production and price differences.

As stated previously, prior to the establishment of the Market Center System, the posts, camps, and stations operated under the garrison ration. Under this plan each organization was credited with a sum of money based on a definite quantity and quality of subsistence items per man per day, which had been found sufficient for military use in the past. The organization, however, was free to purchase whatever food supplies it desired with the funds allotted to it. The garrison ration used in peacetime was supplanted in wartime by a field ration

which was issued in kind, with the War Department or the commanding general of the field forces prescribing what items of food should be issued on a certain day or during a prescribed period of time. The Market Center System, based on the concept of procuring and distributing large quantities of food from a central point, was a subsistence supply procedure best adapted to the field rations.

In February, 1941, the War Department issued a circular stating that effective May 1, 1941, all posts, camps, and stations within the continental limits of the United States would go on the field ration. The United States Military Academy, general hospitals, and such small stations as might be approved by the War Department on recommendation of the corps area commanders were exempted from this requirement. The Menu Planning Section of the Quartermaster Market Center System in Washington prepared a master menu which prescribed the monthly menu for installations. The components for each of the three daily meals with a daily recapitulation of the total quantity needed by unit of purchase of each item required to feed the prescribed menu to 100 men was calculated. A computation, based on current prices, was also prepared to indicate the cost of feeding the proposed menu to 100 men per month. Field

Headquarters in Chicago issued a one hundred eighty day list which predicted the availability of food items in the Zone of Interior to assist the Menu Planning Section in drawing up the master menu.

The plan was finally perfected so that the master menu reached each post, camp, and station one hundred twenty days prior to the first day of the month in which the menu was to be served. To further coordinate procurement and requirements, each market center issued to installations in their jurisdiction a list of available perishables to reach the installations forty-five days prior to the date of the master menu to which it applied. The list was keyed geographically to compensate for regional seasonal differences. However, availability of meats, dairy products, and poultry were determined solely by Field Headquarters on a national basis, with no local data in these categories being included in the list.

The station menu board - consisting of the food service supervisor as chairman, the sales officer, the post surgeon or his representative, and such representatives of tactical organizations as deemed necessary by the senior commander - met one hundred to one hundred twenty days prior to the first day of the month in which the menu was to be served. The purpose of the meeting was to discuss and review the

master menu, in light of the list furnished by the Market Center System, and revise it to the extent deemed advisable in view of local conditions.<sup>10</sup>

The plan for coordination of menu planning and procurement proved very effective after initial opposition to the Market Center System had been overcome at the post, camp, and station level and sales officers had been instructed in procedure regulations of the Market Center System.

#### Training Problems at Installation Level and Opposition to the Program

The biggest promotional problem for the Market Center System was among the sales officers and quartermasters at the local posts, camps, and stations for which they effected procurement. Often the subsistence officers, drawn as they were from all walks of life, were not trained foodmen and the turnover rate among them was high. As a result, the Market Center System found itself confronted with a personnel training problem which it had to undertake in order to facilitate its operations. For example, it was necessary to instruct the sales officers in procedures regarding menu planning and food inspection.

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<sup>10</sup>Department of the Army Technical Manual 10-215,  
Department of the Army, June, 1948, p. 5.

The method evolved to solve this problem was to send market center teams on direct visits to the installations that were procuring through the system. The teams met with the subsistence personnel to discuss common problems and demonstrate market center procedures and also observed at first hand the method of requisitioning, menu making, inventory, and storage used.

In addition, opposition to the market center plan existed among some of the purchasing officers in the various posts, camps, and stations. This opposition stemmed from the fact that a centralized and nationally controlled system of perishable food supply stripped these officers of the local procurement power they had previously exercised. Captain T. R. McBrien said:

The program at its start was not too popular with the non-commissioned officers or the sales officers at base level. A large portion of this difficulty was due to the fact that in most cases the mess sergeants were making the decisions concerning acceptability of product. This made them important to the vendor who attempted to gain their favor by 'kickbacks.' The Market Center System broke up the 'racket' and they resented it. As a result they found fault with the product purchased and price paid by the market center personnel. In isolated cases their complaints may have had some basis but the overall favorable results of the market center program broke down their resistance. The most serious objectors were transferred to other positions.<sup>11</sup>

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<sup>11</sup>Interview with Captain T. R. McBrien, Director of Supply, Headquarters 10th Air Force, Selfridge Field, Michigan, June, 1953.



Besides local sales officer, a lack of enthusiasm for the Market Center System was evidenced among Army personnel on other grounds. Some officers took a dim view of two of the basic principles of the program - use of civilian buyers and centralized control. In respect to the first, they felt that the adoption of a method which turned over a portion of the armed forces' procurement activities to civilian marketing specialists would result in some loss of the military control they deemed essential. Secondly, they were dubious as to the practicability of starting on a nation-wide scale an entirely new system which would be free from the supervision of local command. Others questioned the value of the Market Center System on a merit basis, comparing it to the local procurement method. They contended that the local procurement method had proved satisfactory and could be expanded readily to handle increased requirements in an adequate manner. Still others were particularly unsympathetic to that aspect of the Market Center System program which provided for the substitution of low priced items in plentiful supply for articles that were more expensive because of out-of-season conditions or scarcity.<sup>12</sup>

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<sup>12</sup>Rijkind, Herbert. Fresh Foods for the Armed Forces. Historical Section, Office of the Quartermaster General, Washington, D. C., 1951, p. 33.

Subsequent events dispelled these objectives to the Market Center System. The military assumed organizational and administrative control of the Market Center System and established effective teamwork with the civilian elements. The Market Center System worked in close cooperation with the installations it served by supplying them with a greater variety of perishable subsistence than had been available to them in the past and in the freshest possible condition. Expansion of troop strength and installations resulted in local procurement problems that refuted those who had advocated retention and extension of the local procurement system. Finally, the substitution of cheaper but equally wholesome and nourishing items for higher priced ones in periods of seasonal scarcity, effected significant monetary savings to the Government.<sup>13</sup>

#### Inspection Service for the Market Center System

The Quartermaster Inspection Service was responsible for the inspection of subsistence procured by the Market Center System. It consisted of veterinary personnel of the Army and civilian inspectors of the Federal Department of Agriculture. In addition, services of qualified

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<sup>13</sup>Ibid., p. 34.

inspectors of State Departments of Agriculture were available. The Quartermaster Inspection Service maintained close liaison with Field Headquarters to further effective procurement and distribution of the perishable subsistence. The policy maintained by the Market Center System and the Quartermaster Inspection Service was all products bought, whether animal or vegetable in origin, were inspected at both purchase point and destination.

Meats, poultry, dairy products, and waterfoods had to conform to Federal specifications and be produced or manufactured in federally inspected and approved plants. In order to assure full protection on the quality and grade of these products when purchased, and to insure delivery of a suitable quality to the consuming installations at all times, the veterinarians performed five types of inspections. These were at origin (contractor's plant); at destination (camps or storage); at final destination (Government property); out of storage (Government property); and in storage (monthly).<sup>14</sup>

Inspection of the remaining categories of perishable foods, frozen fruits and vegetables and yeast, procured by the Market Center System was not the responsibility of

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<sup>14</sup>Subsistence Supply Structures. Quartermaster Subsistence School, Chicago, Ill., May, 1952, p. 9.

the Veterinary Corps. At origin, fresh fruits and vegetables were approved by qualified inspectors of either the Federal Department of Agriculture or State Department of Agriculture. Both of these services were available in practically all parts of the United States, and continuously in the major growing areas. Federal inspectors were shifted back and forth among these regions in accordance with crop and seasonal requirements. In absence of Federal Department of Agriculture inspection, state inspection was used.

Inspection for type, class, and grade was a contract provision for fresh fruits and vegetables. In areas having Federal inspection, every purchase order was required to be supported by an origin inspection certificate from the Department of Agriculture. Where inspection was not obtainable, the contractor was required to furnish an affidavit attesting to compliance with contract specifications in every respect. The veterinarian of the receiving market center was required to check, review, and approve both the origin and destination certificates of inspection. This did not apply on purchases for direct delivery to installations or to other Government agencies. In such cases, origin inspections certificates were sufficient for administrative and fiscal clearance actions.

Fruits and vegetable purchases of less than carload lots were inspected individually by the Market Center System's marketing specialists at the establishments of the vendors. In the majority of instances, the buyers personally picked out the products to be delivered to the installations.

On frozen fruits and vegetables, Federal Department of Agriculture certificates of inspection had to be secured immediately prior to delivery, when the quantities being procured on a single purchase order aggregated one thousand pounds or more. Similarly, all carlot purchases of frozen fruits and vegetables required the accompaniment of inspection certificates issued at the time the product was shipped to the Government. Deliveries against purchase orders for quantities totaling less than one thousand pounds were acceptable without a Federal Department of Agriculture inspection certificate provided the product offered had been inspected federally within ninety days of the date of purchase. Each case of frozen food purchased in less than carload lots had to bear the inspection and grading stamp of the Frozen Food Division of the Department of Agriculture. The provision for the review and clearance of fresh fruit and vegetable inspection certificates applied to frozen fruits and vegetables. Procedure on

yeast called for inspection at origin by the Federal Department of Agriculture.<sup>15</sup>

At destination, inspection was for count and condition by either the personnel of the receiving installation, the sales officer, food service supervisor, or market center marketing specialist. Cases involving doubt of quality or grade at destination were resolved by calling upon the Federal Department of Agriculture inspectors for verification and final decision.

#### Procurement for Other Agencies

As expansion continued, the necessity for coordinating the perishable food purchases of the armed forces became apparent to the various services. Underscoring this necessity were the procurement difficulties, interagency competition for supplies, and transportation troubles resulting in shortages at installations. As these installations experienced difficulty in procuring adequate supplies of good quality, they sought permission to secure perishable foods through the Market Center System. The service was gradually extended until by the end of 1943 most Navy, Marine Corps, and Air Corps posts, camps, and

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<sup>15</sup>Ibid., p. 10.

stations were receiving their perishable food through the Market Center System.

### Navy

In March, 1942, the Navy assigned a supply officer to Field Headquarters in Chicago. His duties were receipt of requisitions from Naval installations and the transmittal of these requisitions to the market centers. In addition, he was responsible for the payment of Navy food requirements on a prorated basis.<sup>16</sup>

Actual procurement was begun in April, 1942, in the Ninth Naval District (Chicago area). In August, 1942, the Market Center System began procurement of perishable goods for the Navy at Boston. Similar procurement services were extended progressively to Jersey City and Baltimore in October, 1942; to Norfolk in December, 1942; and then later to Jacksonville, Miami, Los Angeles, San Francisco and Seattle. The inclusion of the Navy into market center procurement was a step by step process due to the fact that District Commandants adopted the program on a voluntary basis.<sup>17</sup>

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<sup>16</sup>Ibid., p. 57.

<sup>17</sup>Ibid., p. 57.

### Marine Corps

As a result of an overall Marine Corps' order from Washington in July, 1942, the Market Center System began procurement of all perishables except meats for Marine bases at New River, North Carolina, Paris Island, South Carolina, Quantico, Virginia, and San Diego, California. The service proved satisfactory and the corps gradually extended services to include all bases. In addition, in October, 1942, it authorized procurement of meats through the Market Center System.<sup>18</sup>

Marine Corps installations submitted their requisitions, based on the monthly menu prepared by the Army Quartermaster Corps, directly to the market center to which they were assigned. Payment was made by the base receiving the subsistence. No Marine officer was stationed at Field Headquarters but overall coordination of procurement for the Corps was handled through liaison between the Marine Corps and the Perishable Branch, Subsistence Division, Office of the Quartermaster General at Washington.

### Army Air Corps

In September, 1942, Air Corps stations were directed to procure their perishable subsistence requirements from

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<sup>18</sup>Ibid., p. 59.



the Market Center System after November 1, 1942. Previously, the War Department had permitted all Air Corps bases exempt from the control of Corps area commanders to go on the garrison ration instead of the field ration, if they so desired. Most had elected to remain under the garrison ration system of local procurement, however, some installations had voluntarily requested and were granted Market Center System procurement.<sup>19</sup>

#### Other Agencies

In addition to procuring perishable foods for the Army Air Corps, Navy and Marine Corps, the Market Center System procured for the Coast Guard which placed its requisitions through the Navy, the Maritime Commission, the War Relocation Authority, and aided the Veterans Administration in solving their procurement problems.

#### The National Security Act of 1947

After cessation of hostilities in 1945, the services continued the wartime policy of the field ration and required that the supply of perishable subsistence continue through the Market Center System. Voluntary cooperation of the armed forces with the Quartermaster

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<sup>19</sup>Ibid., p. 60.

Market Center System continued until the National Security Act of 1947 made such procedure mandatory.

The National Security Act became effective September 17, 1947. Its purpose was the unification of the Army, Navy, and Air Force into a single coordinated team. A single Department of Defense was created with a Munitions Board composed of a civilian chairman appointed by the President and the Assistant Secretaries of the Army, Navy, and Air Force. One of the functions of the Munitions Board was "to recommend the service (Department) which should be responsible for the procurement of all requirements for a particular item, i.e., the principle of single service procurement."<sup>20</sup>

On December 22, 1947, the Munitions Board assigned the Army the responsibility for single service purchase of subsistence and designated the Quartermaster Corps the purchasing agency for this commodity. The Quartermaster Corps assigned the function of procurement and distribution of perishable subsistence for the Armed Forces, and such other consumers as the Quartermaster General might direct, to the Market Center System.<sup>21</sup>

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<sup>20</sup>Subsistence Supply Structures. Quartermaster Subsistence School, Chicago, May, 1952, p. 2.

<sup>21</sup>Ibid., p. 5.

### Size and Scope of the Market Center System

When the Market Center System was organized on March 12, 1941, it consisted of thirty market centers and its procurement responsibility was confined to the purchase of fresh fruits and vegetables for the Army. Three years later through Field Headquarters in Chicago it controlled thirty-six market centers and seven field buying offices. In addition to procurement of fresh fruits and vegetables, it was responsible for the purchasing of dairy products and poultry, meat, waterfoods, frozen fruits and vegetables, and milk. Besides the Army, it procured for the Navy, Marine Corps, Army Air Corps, and Coast Guard. In addition it assisted the Maritime Commission, the War Relocation Authority, and the Veterans Administration.

The number of installations in the Zone of Interior served by the Market Center System in 1943 was 381, with a total strength of 4,362,765. One year later this figure jumped to 572 posts, camps, and stations having a total strength of 5,601,101.<sup>22</sup>

Other figures that reveal the tremendous growth of the Market Center System are the procurement statistics.

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<sup>22</sup>Rijkind, Herbert. Fresh Foods for the Armed Forces. Historical Section, Office of the Quartermaster General, Washington, D. C., 1951, pp. 222, 377.

In the first full year of operation, fiscal 1942, the total dollar procurement of the Market Center System amounted to \$97,386,000. In 1944 this figure leaped to \$1,171,826,000, an increase of more than \$1,000,000,000. In quantitative terms, 349,604 tons of perishables were purchased in 1942 and 3,925,180 tons in 1944, an increase of over 3,500,000 tons. The year 1945 represented peak procurement with 4,399,771 tons valued at \$1,514,834 being purchased. In respect to this last point, during the last ten months of the fiscal year, market center procurement losses due to spoilage and shrinkage totaled less than five-thousandths of 1 percent.<sup>23</sup>

After V-J Day the system contracted to eleven market centers servicing 205 installations with a troop strength of 744,455. Total procurement in terms of dollars and tonnage was \$337,311,000 and 168,655 tons.<sup>24</sup>

#### Advantages of the Market Center System

The Market Center System of single agency procurement and distribution embodied the following advantages over the local procurement method: (1) A single medium through which policy could be applied and controlled, and duplication

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<sup>23</sup>Ibid., p. 378.

<sup>24</sup>Ibid., pp. 377-78.

eliminated. (2) The elimination of competition between two or more Federal agencies for the same items of supply. (3) The provision for attaining the maximum in competition and quality control through solicitation of bids on a nation-wide basis, along with centralized control of inspection. (4) The existence of an agency having the necessary flexibility for expansion or contraction in time of war or peace in accordance with the varying requirements of the Armed Forces. (5) Better utilization of the nation's transportation facilities through the elimination of cross-hauling and duplications. (6) The diffusing of specialized knowledge on perishable foods throughout the Armed Forces by trained Market Center System personnel. (7) A medium for aiding in the standardization of menus, specifications, and inspection. (8) The provision for frequent consolidation of the requirements of two or more installations in carlot shipments, thus effecting economies by being able to procure in larger amounts at one time, as well as by obtaining higher quality merchandise through direct procurement in producing areas. (9) Effect equitable division among the various departments of the Armed Forces of commodities in short supply and provide substitute items in plentiful supply, without impairing nutritional standards. These advantages undoubtedly constituted major factors in the

decision that resulted in the continuation of the Market Center System as the peacetime perishable subsistence agency of the Armed Forces.<sup>25</sup>

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<sup>25</sup>Subsistence Procurement Operations. Quartermaster Subsistence School, Chicago, Ill., May, 1952, pp. 2-3.

## CHAPTER IV

### ADMINISTRATIVE PROCUREMENT METHODS

The two principal methods of military procurement are by means of formal advertising or by means of negotiation. Under formal advertising the following procedure was followed in solicitation of bids: (1) The Invitation for Bid was issued by the contracting officer charged with the procurement of the supplies involved. (2) The Invitation for Bid as a rule allowed thirty days between date of issuance and the opening of the bids. A shorter period was allowed, but no period less than ten days was designated except in case of an emergency. In the event of an emergency the appropriate reasons were explained by a certificate attached to the Invitation for Bid. (3) The Invitation for Bid was mailed or delivered to the interested parties. Submission of Bid involved the following:

(1) Bids were to be filled out, executed, and submitted by each bidder in accordance with instructions which accompanied the bid form and telegraphic bids were not considered unless specifically authorized. (2) Bids were to be submitted in sufficient time to reach the designated

office prior to the time fixed for opening.<sup>1</sup> Negotiation entailed the following: when procurement was by this method "Requests for Quotations or Proposals" were allowed by any of these means - (a) in writing with a written form known as a "Notice of Intent to Purchase," (b) by telephone or telegraph, (c) by personal contact.<sup>2</sup>

The Armed Forces distinguish negotiation from formal advertising as "that method of procurement under which the procedures for procurement by formal advertising as pertains to the solicitation and sealed bids is not required."<sup>3</sup>

Upon cessation of hostilities, a paramount issue was whether or not to continue the wartime practice of short term contracting by negotiation upon which the Market Center System had been based and which was considered fundamental to its procurement program. The alternative, formal advertising, was the usual procedure followed for all other Quartermaster items and also for non-perishable subsistence. The formal advertising procedure had also been adhered to for perishable subsistence in the prewar

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<sup>1</sup>Procurement by Formal Advertising. Quartermaster Subsistence School, Chicago, Ill., May, 1952, pp. 4-5.

<sup>2</sup>Procurement by Negotiation. Quartermaster Subsistence School, Chicago, Ill., May, 1952, p. 2.

<sup>3</sup>Ibid., p. 1.



period when each installation, using the monetary ration allowance, independently purchased its own requirements. One of the Army's standard methods, known as the indefinite quantity type of contract, was employed. Under such a contract, awards were made on the basis of bids submitted by the vendor thirty to sixty days in advance of delivery.

Prior to the advent of the Market Center System procurement through sealed written bids was considered the most advantageous and to the best interest of the Government, because it was supposed to provide for the greatest possible competition among the vendors and also act as a preventative to collusion and price fixing. Hence, it was the system approved by Congress. However, the efficient record of perishable subsistence procurement by the Market Center System caused wide debate as to which procurement principle would be employed in the post-war era.

Many reasons were advanced in favor of the continuation of the negotiation principle. The difference in the time factors between negotiation and formal advertising was considered one of the most important in the procurement field of perishable subsistence. Under negotiation the maximum lead time between requisition and delivery was

approximately ten days, while the time allowance ranged from sixty to one hundred fifty days under the formal advertising method. Excessive lead time added to the vendors' risk in bidding, making their quotations more or less speculative, especially where such other factors as seasonal marketing conditions and weather had to be taken into consideration. Under formal advertising these conditions usually were reflected in higher bids from the vendors. Moreover, because many of the more reputable firms in the perishable food industry were unwilling to take such gambling risks, it was found that the bidding was frequently confined to less reliable representatives of the trade.

Procurement by negotiation was generally on the basis of a single delivery under one contract. The formal advertising indefinite quantity contract called for the supply of perishable subsistence for extended periods of thirty to ninety days. Therefore, under negotiation a greater number of bidders were encouraged to submit quotations because of the smaller risks involved. It followed, therefore, that contracts for perishables ought to be of as short a duration as possible, or for one delivery only, if the most economical prices were to be obtained.

Single delivery contracts under the negotiation system meant that many reliable small businessmen were able to enter the competition for awards because financing for future deliveries was not necessary. Each delivery they made was accomplished shortly after the award and payment followed within a ten-day period.

Collusion of bidders, or between producers and vendors, was contrary to the best interest of the Government. The Market Center System plan of obtaining bids informally under the negotiated method tended to prevent such agreements. The short time lag between notification and award and the wider markets secured under negotiated buying stimulated keener competition among the vendors and made for lower prices.

The practice of bid-splitting under the formal advertising procedure, whereby dealers deliberately bid high or omitted bids entirely on certain items in order to avoid being stuck with a contract for articles in short supply or on which there was only a marginal profit, was kept to a minimum through purchasing by negotiation. The close contact of market center buyers with the dealers often enabled them to persuade reluctant vendors to submit reasonable bids on such items in order to obtain an award

for the more profitable commodities. In addition, under formal bidding, re-advertising for offers sometimes became necessary as a result of previous non-bidding by vendors. In contrast, re-advertising was not used under negotiated purchasing since the marketing specialists always had recourse to the solicitation of as many informal bids as were needed, through use of the telephone.

Another point in favor of procuring perishable food through negotiation was the fact that produce men conducted their transactions on an informal buy-and-sell basis. Not accustomed to formal bidding they viewed any departure from their normal methods with some misgivings.

Under negotiation quality of product was more uniform. All items had to conform to specifications but there could be a relatively wide range of quality within the grade purchased by the Government. It was believed by the Market Center System that absence of personal negotiation and supervision of procurement as practiced by the buyers of the agency would result in the Government obtaining only the lower level of each grade meeting specifications.

Reasons such as these indicating the greater flexibility of the negotiated procedures caused the War Department to continue to exempt the procurement of

perishable subsistence from adherence to the formal advertising procedures through 1947, while the Armed Forces Procurement Act was still being debated in Congress. Final approval of the Act, Public Law 413, was gained February 19, 1948 and it became effective three months later.

The Act exempted the Market Center System from the principal of formal advertising. Armed Services Procurement Regulations state: "3-209 Perishable Subsistence Supplies; 3-209-1 Authorization. Pursuant to the authority of Section 2(c)(9) of the Act, purchases and contracts may be negotiated without formal advertising if 'for perishable subsistence supplies'; 3-209-2 application. This authority may be used for the purchase of any and all kinds of perishable subsistence."<sup>4</sup>

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<sup>4</sup>Armed Services Procurement Regulation Revision.  
U. S. Government Printing Office, June, 1950, p. 306.

## CHAPTER V

### SUMMARY

Prior to the establishment of the Market Center System the posts, camps, and stations of the Army operated on a local procurement basis for perishable subsistence. Under this system each organization was credited with a sum of money based on a definite quantity and quality of subsistence items per man per day, which had been found sufficient for military use in the past. Using this allotted sum the organization could arrange to buy whatever perishables it thought desirable.

The system of procuring the various perishable items locally was through the Army's standard method of formal advertising, indefinite quantity bids which were made on the basis of bids submitted by the vendors thirty to sixty days in advance of delivery. Under this type of contract the Quartermaster on delivery date could request as much more or less than the quantity named in the contract as he wished since the quantities listed in both the request for bids and the contracts were for information only. It is estimated that under this system the vendor charged

15 percent more than normally, to cover the risks of indefinite quantity provision and the market uncertainties of the extended period between contract and delivery. Other weaknesses of the system included limited overall control by Washington and quality and price variations in perishable subsistence due to geographical location.

With the growing emergency in 1940 and 1941 the supply of perishables to the Army and other branches of service became a wartime problem that could no longer be viewed from the local procurement standpoint. Once the Selective Service and Training Bill became law the Army expanded rapidly and the need of a planned perishable subsistence program became urgent. Reports began to come in from various sections of the country showing inordinate and dangerous disruptions of the civilian food supply and economy caused by the large concentrations and movement of troops in the training areas. The resulting program was the Quartermaster Market Center System established in the spring of 1941.

The Market Center System was a three point program calling for centralized national control, decentralized field operations, and maximum reliance on trained marketing specialists to do the purchasing.

As outlined in Quartermaster Circular Letter No. 42 the program was in skeleton form leaving room for development and expansion according to need. At first procurement was confined to fresh fruits and vegetables only. The market centers numbered thirty and were located geographically to facilitate the service of procurement and distribution to the installations in their respective jurisdictions. The Market Center in Chicago was designated the central office for administrative and control purposes.

A commissioned officer of the Army was in charge of each market center. He was assisted by civilian marketing specialists. The officer was responsible for purchasing procedures. The marketing specialists, selected for their expert knowledge of all phases of marketing fresh fruits and vegetables, were specifically charged with the responsibility of selecting, inspecting, and grading all commodities purchased.

Market centers were informed of the needs of the posts, camps, and stations by means of requisitions. These requisitions were based on master menus prepared by the Office of the Quartermaster General and indicated the day to day requirements of the installation for fresh produce. The master menu was a standardized menu which



indicated the components of each of the three daily meals for a period of one month. It was issued to each installation one hundred twenty days prior to the first day of the month it was effective so that necessary revisions could be made in light of local market center conditions pertaining to perishable subsistence. In addition, the standardized menu coordinated procurement with overall requirements.

The Market Center System encouraged carlot and trucklot purchases since material savings were effected by such procurement. Market centers in large producing areas effected such procurement for nation-wide distribution as well as for the installations under their jurisdiction.

In order to realize the greatest benefits from carlot and trucklot procurement overall supervision rested in Chicago Field Headquarters which had immediate teletype intercommunications to all market centers. Thus Field Headquarters could survey national conditions and determine where the most advantageous procurement could be effected.

The concept of carlot buying was closely allied to the development of buying directly from the growers whenever possible instead of from the commission merchant or jobber. This was made possible by the use of temporary field buying

offices in major producing areas. Large quantity purchasing directly from the growers was possible resulting in sizeable monetary savings to the Government. Eventually a systematic rotation of temporary field buying offices was arranged, whereby the field buyer operated in different sections of the country at different harvest seasons.

Distribution of fresh fruits and vegetables was usually directly from the point of purchase to the installation. To encourage carlot procurement delivery to two or more points was allowed as were mixed carlots. Small camps not able to handle large shipments were serviced from the market center storage facilities or they might be attached to the larger camps on a "satellite" basis to draw perishable subsistence issue.

As soon as the procurement of fresh fruits and vegetables was in progress, preparations were begun for the procurement of dairy products and poultry, meat, and waterfoods. Establishment of procurement in these fields was followed by the inauguration of procurement for frozen fruits and vegetables and, in limited areas, milk.

Buying as close to the production points as possible was stressed in dairy products and poultry procurement. However, in many cases it was necessary to negotiate with

commission merchants because they initially assembled these products in units that fit the need of the military. Again, major emphasis was placed in carlot buying for it was believed that by carlot purchase the greatest economies would be achieved.

Meat procurement by carlot was handled by Field Headquarters in Chicago. Less than carlot quantities were handled by ten market centers at which meat procurement specialists were stationed. These market centers were known as "subheadquarters" and procured the requirements for nearby market centers not having meat specialists. Requisitions were handled in the same fashion as for other commodities.

Major supplies of waterfood were in the coastal areas. Seven port market centers were opened and waterfood specialists assigned to each. These market centers supplied directly the posts, camps and stations in the immediate areas. Field Headquarters transmitted requirements of inland installations to these centers for fulfillment.

Individual market centers purchased frozen fruits in small amounts locally and Field Headquarters was responsible for procurement of the six basic frozen vegetables procured. Distribution was restricted to those installations which had proper facilities for frozen foods.

Milk procurement was confined to those areas where production was low. These areas, the south and southwest, were supplied by the market centers at Fort Worth, Columbus, and Wilmington. They were to coordinate procurement and deliveries to their respective areas.

Inspection of perishable subsistence was by Army Veterinary Officers, Federal and State Inspectors, and market center specialists. All products purchased were inspected at origin to conform to Federal specifications and at destination inspection was for count and condition. The Veterinary Officers were responsible for inspection of all products of animal origin - meats, dairy products, poultry, and waterfoods. The remaining products were inspected at origin by Federal or State inspectors and at destination by qualified personnel of the installation or by a market center specialist.

As expansion of the armed forces continued, the necessity for coordinating the perishable food purchases became apparent to the various services. Underscoring this necessity were the procurement difficulties, inter-agency competition for supplies, and transportation trouble resulting in shortages at many installations. As a result the Navy joined the Market Center System procurement

program followed by the Marine Corps and the Army Air Corps. In addition the Market Center System procured for the Coast Guard, the Maritime Commission, the War Relocation Authority, and aided the Veterans Administration.

After cessation of hostilities in 1945 the Market Center System continued to procure for the other services on a voluntary basis. The National Security Act of 1947, which unified the armed forces, made procurement by the Market Center System mandatory for all services.

In 1948 another legislative act of extreme importance to the Market Center System became effective. It was the Armed Services Procurement Act which allowed perishable subsistence supplies to be purchased by negotiation without formal advertising. Purchase by negotiation allows price quotations from the bidder in writing, by telephone or telegraph, or by personal contact. Formal advertising, on the other hand, makes a written Invitation for Bid mandatory. A thirty-day period between Invitation for Bid and the Submission of Bid is standard practice. The period cannot be less than ten days except for an emergency situation.

By using the negotiation method the maximum time between bid and delivery is ten days, whereas, sixty to

one hundred fifty days could elapse between Invitation for Bid and final delivery under the formal advertising indefinite contract method.

The advantages of the Market Center System are:

(1) Centralization of purchase authority and control of operations, (2) the negotiated type contract employed, (3) buying at points of production, (4) mass buying and distribution, (5) inspection at origin for quality, (6) economical coordination of transportation, (7) utilization of qualified civilian marketing specialists, (8) prevention of waste. In respect to the last point, it is noted that during the last ten months of the fiscal year 1945, market center procurement losses due to spoilage and shrinkage totaled less than 5/1000 of 1 percent. Total purchases for the year were nearly nine billion dollars.

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