

1955—Subsec. (c). Act June 30, 1955, extended termination date from July 1, 1955, to July 1, 1959.

1951—Act June 19, 1951, amended section generally to provide for repeal of all conflicting laws, to appropriate certain funds directly to the Commission, and to provide for the termination date of July 1, 1955.

1950—Subsec. (b). Acts June 23, 1950 and June 30, 1950, extended period of effectiveness for fifteen days until July 9, 1950, and again from July 9, 1950, to July 9, 1951.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 1971 AMENDMENT

Pub. L. 92-129, title I, §101(a)(35), Sept. 28, 1971, 85 Stat. 353, provided in part that: "The amendment made by the preceding sentence [amending this section] shall take effect July 2, 1971."

TERMINATION OF NATIONAL SECURITY TRAINING COMMISSION

National Security Training Commission expired June 30, 1957, pursuant to a Presidential letter on Mar. 25, 1957, following its own recommendation for its termination.

§ 3816. Utilization of industry

(a) Placement of orders; Congressional action: notification of committees of certain proposed payment orders, resolution of disapproval, continuity of session, computation of period; "small business" defined

Whenever the President after consultation with and receiving advice from the National Security Resources Board¹ determines that it is in the interest of the national security for the Government to obtain prompt delivery of any articles or materials the procurement of which has been authorized by the Congress exclusively for the use of the armed forces of the United States, or for the use of the Atomic Energy Commission,¹ he is authorized, through the head of any Government agency, to place with any person operating a plant, mine, or other facility capable of producing such articles or materials an order for such quantity of such articles or materials as the President deems appropriate, except that no order which requires payments thereunder in excess of \$25,000,000 shall be placed with any person unless the Committees on Armed Services of the Senate and the House of Representatives have been notified in writing of such proposed order and 60 days of continuous session of Congress have expired following the date on which such notice was transmitted to such Committees and neither House of Congress has adopted, within such 60-day period, a resolution disapproving such order. For purposes of the preceding sentence, the continuity of a session of Congress is broken only by an adjournment of the Congress sine die, and the days on which either House is not in session because of an adjournment of more than 3 days to a day certain are excluded in the computation of such 60-day period. Any person with whom an order is placed pursuant to the provisions of this section shall be advised that such order is placed pursuant to the provisions of this section. Under any such program of national procurement, the President shall recognize the valid claim of American small business to participate in such

contracts, in such manufactures, and in such distribution of materials, and small business shall be granted a fair share of the orders placed, exclusively for the use of the armed forces or for other Federal agencies now or hereafter designated in this section. For the purposes of this section, a business enterprise shall be determined to be "small business" if (1) its position in the trade or industry of which it is a part is not dominant, (2) the number of its employees does not exceed 500, and (3) it is independently owned and operated.

(b) Precedence of Government placed orders

It shall be the duty of any person with whom an order is placed pursuant to the provisions of subsection (a), (1) to give such order such precedence with respect to all other orders (Government or private) theretofore or thereafter placed with such person as the President may prescribe, and (2) to fill such order within the period of time prescribed by the President or as soon thereafter as possible.

(c) Failure to give precedence; Government possession

In case any person with whom an order is placed pursuant to the provisions of subsection (a) refuses or fails—

(1) to give such order such precedence with respect to all other orders (Government or private) theretofore or thereafter placed with such person as the President may have prescribed;

(2) to fill such order within the period of time prescribed by the President or as soon thereafter as possible as determined by the President;

(3) to produce the kind or quality of articles or materials ordered; or

(4) to furnish the quantity, kind, and quality of articles or materials ordered at such price as shall be negotiated between such person and the Government agency concerned; or in the event of failure to negotiate a price, to furnish the quantity, kind, and quality of articles or materials ordered at such price as he may subsequently be determined to be entitled to receive under subsection (d);

the President is authorized to take immediate possession of any plant, mine, or other facility of such person and to operate it, through any Government agency, for the production of such articles or materials as may be required by the Government.

(d) Payment of compensation by United States

Fair and just compensation shall be paid by the United States (1) for any articles or materials furnished pursuant to an order placed under subsection (a), or (2) as rental for any plant, mine, or other facility of which possession is taken under subsection (c).

(e) Application of Federal and State laws governing employees

Nothing contained in this section shall be deemed to render inapplicable to any plant, mine, or facility of which possession is taken pursuant to subsection (c) any State or Federal laws concerning the health, safety, security, or employment standards of employees.

¹ See Transfer of Functions note below.

(f) Penalties

Any person, or any officer of any person as defined in this section, who willfully fails or refuses to carry out any duty imposed upon him by subsection (b) of this section shall be guilty of a felony and, upon conviction thereof, shall be punished by imprisonment for not more than three years, or by a fine of not more than \$50,000, or by both such imprisonment and fine.

(g) "Person" and "Government agency" defined

(1) As used in this section—

(A) The term "person" means any individual, firm, company, association, corporation, or other form of business organization.

(B) The term "Government agency" means any department, agency, independent establishment, or corporation in the Executive branch of the United States Government.

(2) For the purposes of this section, a plant, mine, or other facility shall be deemed capable of producing any articles or materials if it is then producing or furnishing such articles or materials or if the President after consultation with and receiving advice from the National Security Resources Board determines that it can be readily converted to the production or furnishing of such articles or materials.

(h) Rules and regulations governing steel industry; mandatory

The President is empowered, through the Secretary of Defense, to require all producers of steel in the United States to make available, to individuals, firms, associations, companies, corporations, or organized manufacturing industries having orders for steel products or steel materials required by the armed forces, such percentages of the steel production of such producers, in equal proportion deemed necessary for the expeditious execution of orders for such products or materials. Compliance with such requirement shall be obligatory on all such producers of steel and such requirement shall take precedence over all orders and contracts theretofore placed with such producers. If any such producer of steel or the responsible head or heads thereof refuses to comply with such requirement, the President, through the Secretary of Defense, is authorized to take immediate possession of the plant or plants of such producer and, through the appropriate branch, bureau, or department of the armed forces, to insure compliance with such requirement. Any such producer of steel or the responsible head or heads thereof refusing to comply with such requirement shall be deemed guilty of a felony and upon conviction thereof shall be punished by imprisonment for not more than three years and a fine not exceeding \$50,000.

(June 24, 1948, ch. 625, title I, §18, 62 Stat. 625; Pub. L. 93-155, title VIII, §807(d), Nov. 16, 1973, 87 Stat. 616; Pub. L. 101-510, div. A, title XIII, §1303(c), Nov. 5, 1990, 104 Stat. 1669.)

Editorial Notes

CODIFICATION

Section was formerly classified to section 468 of the former Appendix to this title prior to editorial reclassification and renumbering as this section.

AMENDMENTS

1990—Subsec. (h). Pub. L. 101-510 struck out "(1)" before "The President is empowered" and struck out par. (2) which read as follows: "The President shall report to the Congress on the final day of each six-month period following November 5, 1990, the percentage figure, or if such information is not available, the approximate percentage figure, of the total steel production in the United States required to be made available during such period for the execution of orders for steel products and steel materials required by the armed forces, if such percentage figure is in excess of 10 per centum."

1973—Subsec. (a). Pub. L. 93-155 provided for notification of Congressional Committees with respect to certain proposed payment orders, Congressional resolution of disapproval, continuity of Congressional session, and computation of period.

Statutory Notes and Related Subsidiaries

TRANSFER OF FUNCTIONS

Atomic Energy Commission abolished and functions transferred by sections 5814 and 5841 of Title 42, The Public Health and Welfare. See also Transfer of Functions notes set out under those sections.

OBLIGATIONS ENTERED INTO BEFORE NOVEMBER 16, 1973

Amendment by Pub. L. 93-155 not affecting the carrying out of any contract, loan, guarantee, commitment, or other obligation entered into prior to Nov. 16, 1973, see section 807(e) of Pub. L. 93-155, set out as a note under section 1431 of this title.

Executive Documents

TRANSFER OF FUNCTIONS

National Security Resources Board, together with Office of Chairman, abolished by section 6 of Reorg. Plan No. 3 of 1953, eff. June 12, 1953, 18 F.R. 3375, 67 Stat. 634, set out in the Appendix to Title 5, Government Organization and Employees. Functions of Chairman of National Security Resources Board under this section, with respect to being consulted by and furnishing advice to President as required by this section, abolished by section 5(a) of Reorg. Plan No. 3 of 1953. Other functions of Chairman transferred to Office of Defense Mobilization by section 2(a) of Reorg. Plan No. 3 of 1953. For subsequent transfers to Office of Emergency Planning, Office of Emergency Preparedness, President, Federal Preparedness Agency, Federal Emergency Management Agency, and Secretary of Homeland Security, see notes set out under former section 3042 of this title.

DELEGATION OF AUTHORITY

For delegation of President's authority under this section with respect to placing of orders for prompt delivery of articles or materials, see section 102 of Ex. Ord. No. 12742, Jan. 8, 1991, 56 F.R. 1079, set out as a note under section 82 of this title.

§ 3817. Savings provision

Nothing in this chapter shall be deemed to amend any provision of the National Security Act of 1947 (61 Stat. 495) [50 U.S.C. 3001 et seq.]. (June 24, 1948, ch. 625, title I, §19, 62 Stat. 627.)

Editorial Notes

REFERENCES IN TEXT

This chapter, referred to in text, was in the original "this title", meaning title I of act June 24, 1948, ch. 625, 62 Stat. 604, which is classified principally to this chapter. For complete classification of title I to the Code, see Tables.

The National Security Act of 1947 (61 Stat. 495), referred to in text, is act July 26, 1947, ch. 343, 61 Stat.